



CONSOLIDATED  
MANAGEMENT REPORT  
AND ACCOUNTS

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**MANAGEMENT  
REPORT**

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# MANAGEMENT REPORT



# GOVERNING BODIES

As elected at the General Shareholder Meeting held on 21 April 2022.

## Board of Directors

|  |  |
|--|--|
| <b>Chairman of the Board of Directors</b>  | Ângelo Paupério  |
| <b>Chairman of the Executive Committee</b> | Miguel Almeida   |
| <b>Members of the Executive Committee</b>  | José Pedro Pereira da Costa, CFO<br>Daniel Beato<br>Filipa Santos Carvalho<br>Jorge Graça<br>Luis Nascimento<br>Manuel Ramalho Eanes   |
| <b>Members</b>                             | António Lobo Xavier<br>Catarina Tavira Van-Dünem<br>Clara Raposo *<br>Cláudia de Azevedo<br>Cristina Marques<br>Eduardo Verde Pinho<br>João Torres Dolores<br>Rita Rodrigues |

## Fiscal Board

|                                     |   |
|-------------------------------------|---|
| <b>Chairman of the Fiscal Board</b> | José Pereira Alves                          |
| <b>Members</b>                      | Patrícia Teixeira Lopes<br>Paulo Mota Pinto |
| <b>Alternate</b>                    | Ana Luísa Aniceto da Fonte                  |

## Officials of the General Meeting of Shareholders

|                  |                  |
|------------------|------------------|
| <b>Chairman</b>  | Agostinho Guedes |
| <b>Secretary</b> | Daniela Baptista |

## Statutory Auditor

|                  |   |
|------------------|---|
| <b>In Office</b> | ERNST & YOUNG AUDIT & ASSOCIADOS, SROC,<br>S.A., (ROC number 178 and registered at CMVM<br>with the number 20161480, represented by Sandra<br>e Sousa Amorim (ROC number 1213); |
| <b>Alternate</b> | Pedro Jorge Pinto Monteiro da Silva e Palva<br>(ROC n.º 1258)   |

\*The beginning of functions is subject to the conclusions of the process of evaluation of suitability for the exercise of functions in a credit institution.



# 1Q22 HIGHLIGHTS

**Focus on technological leadership and customer experience driving strong KPI and financial performance across all telecom business lines;**

**Audiovisual and Cinema activity continues to recover although negatively impacted by strict social distancing restrictions in the first weeks of the year;**

| 1Q22 Highlights ('000)   | 1Q21    | 1Q22     | 1Q22 / 1Q21 |
|--|---------|----------|-------------|
| <b>Operating Highlights</b>  |         |          |             |
| Homes Passed   | 4.909,9 | 5.164,5  | 5,2%        |
| % FttH   | 42,8%   | 53,7%    | 10,9pp      |
| Total RGUs   | 9.901,2 | 10.393,3 | 5,0%        |
| Fixed Pay TV RGUs  | 1.362,4 | 1.401,8  | 2,9%        |
| Convergent + Integrated Customers  | 985,8   | 1.036,0  | 5,1%        |
| Fixed Convergent + Integrated Customers as % of Fixed Access Customers                                   | 62,9%   | 65,1%    | 2,2pp       |
| Mobile RGUs  | 4.992,1 | 5.423,5  | 8,6%        |
| Residential ARPU / Unique Subscriber With Fixed Access (Euros) <sup>(1)</sup>                            | 46,4    | 47,4     | 2,0%        |
| <b>Financial Highlights</b> (Millions of Euros)  |         |          |             |
| Consolidated Revenues  | 337,4   | 373,4    | 10,6%       |
| Consolidated EBITDA  | 152,2   | 159,4    | 4,8%        |
| Consolidated EBITDA Margin   | 45,1%   | 42,7%    | (2,4pp)     |
| Consolidated EBITDA - Consolidated CAPEX Excluding Leasings, Spectrum License & Other Contractual Rights | 56,2    | 28,0     | (50,2%)     |
| Telco Revenues   | 335,7   | 365,8    | 9,0%        |
| Telco EBITDA   | 143,5   | 149,6    | 4,3%        |
| Telco EBITDA Margin  | 42,8%   | 40,9%    | (1,8pp)     |
| Telco EBITDA - Telco CAPEX Excluding Leasings, Spectrum License & Other Contractual Rights               | 50,3    | 24,1     | (52,1%)     |

(1) Fixed residential ARPU reestimated from 1Q19 to include Revenues of SIM cards integrated in residential bills

- Total net growth in RGUs of 88 thousand to 10.393 million, up from negative 16.6 thousand in 1Q21, the main driver of growth in the quarter being post-paid mobile services with 56 thousand net adds;
- Convergent and Integrated services remain the preferred choice with an additional 15.3 thousand customers in 1Q22, taking the total convergent and integrated customer base up to 1,036 million, (5,319 million convergent and integrated RGUs) and representing over 65% of the fixed customer base;
- Broadband services grew by 6.5 thousand to 1,492 thousand and fixed access Pay TV continued to grow with 9 thousand net adds in 1Q22 more than offsetting the decline in lower revenue legacy DTH services;
- Cinema spectators increased to 987.6 thousand in 1Q22, up from just 15.9 thousand last year, although lower than the previous quarter due to the strict social distancing restrictions imposed due to the first weeks of the New Year;



## Revenues boosted by continued strength of telco operation and recovery in Audiovisuals and Cinema activity

- Consolidated Revenues grew yoy by 10.6% to 373.4 million euros, with growth of 9.0% in Telco Revenues to 365.8 million euros and 71.1% in Audiovisuals and Cinema Revenues to 16.6 million euros.
- Consolidated EBITDA grew to 159.4 million euros, up by 4.8% yoy combining an increase of 4.3% yoy in Telco EBITDA to 149.6 million euros and of 13.1% in Audiovisuals and Cinema EBITDA to 9.8 million euros;
- Consolidated Net Income grew 34.6% yoy to 41.1 million euros
- Total CAPEX Excluding Leasing Contracts, Spectrum license & Other Contractual Rights amounted to 131.4 million euros, up by 37.0% in comparison with 1Q21, led by our accelerated 5G deployment programme.
- Sustained strength of capital structure with Net Financial Debt/EBITDA after lease payments of 1.96x, with Net Financial Debt amounting to 1,030.5 million euros at the end of the quarter, comfortably accommodating accelerated technological deployment strategy.

## ESG

### UPDATE

- [On Behalf of the Planet](#): To celebrate World Earth Day, NOS launched a five-day campaign "[Quem Faz, Faz a Diferença](#)" (Take Action, Make a Difference), to voluntarily compensate all emissions generated throughout the year from the use of NOS' main telco products and services, such as smartphones, TVs, set top boxes and routers. For all products and services bought in a NOS shop or at the online store NOS will plant a tree and display an online count on its digital platforms. The trees will then be planted in addition to NOS' broader reforestation programme in fire devasted regions in the interior of Portugal, a project launched in 2021 to voluntarily compensate scope 1 own fleet emissions.
- [More for our People](#): In its first [Integrated Management Report 2021](#) NOS formalized an internal diversity target to reach 40% of women in managerial roles by 2030. Along with numerous ongoing initiatives to drive a greater gender balance, both within the company and in society, the announcement of this formal target makes public NOS' ambition to guide talent and recruitment management and define strategies to address the traditionally more male world of technology and engineering.



# OPERATING AND FINANCIAL REVIEW

The Consolidated Financial Statements for 1Q22 have been subject to limited review.

| Profit and Loss Statement<br>(Millions of Euros)           | 1Q21  | 1Q22  | 1Q22 / 1Q21 |
|--|-------|-------|-------------|
| Operating Revenues   | 337,4 | 373,4 | 10,6%       |
| Telco  | 335,7 | 365,8 | 9,0%        |
| Consumer Revenues  | 244,1 | 248,9 | 2,0%        |
| Business Revenues  | 73,1  | 96,5  | 32,0%       |
| Wholesale and Others                                       | 18,4  | 20,3  | 10,2%       |
| Audiovisuals & Cinema <sup>(1)</sup>                       | 9,7   | 16,6  | 71,1%       |
| Others and Eliminations                                    | (8,0) | (9,1) | 13,7%       |
| Operating Costs Excluding D&A                              | 185,3 | 213,9 | 15,5%       |
| Telco  | 192,2 | 216,1 | 12,5%       |
| Audiovisuals & Cinema <sup>(1)</sup>                       | 1,1   | 6,8   | 546,3%      |
| Others and Eliminations                                    | (8,0) | (9,1) | (13,7%)     |
| EBITDA <sup>(3)</sup>                                      | 152,2 | 159,4 | 4,8%        |
| EBITDA Margin  | 45,1% | 42,7% | (2,4pp)     |
| Telco  | 143,5 | 149,6 | 4,3%        |
| EBITDA Margin  | 42,8% | 40,9% | (1,8pp)     |
| Cinema Exhibition and Audiovisuals                         | 8,7   | 9,8   | 13,1%       |
| EBITDA Margin  | 89,1% | 58,9% | (30,2pp)    |
| Depreciation and Amortization                              | 101,4 | 110,4 | 8,9%        |
| (Other Expenses) / Income                                  | 4,3   | (2,7) | (163,1%)    |
| Operating Profit (EBIT) <sup>(4)</sup>                     | 46,4  | 51,8  | 11,5%       |
| Share of profits (losses) of associates and joint ventures | (2,8) | (5,3) | 87,1%       |
| (Financial Expenses) / Income                              | 9,2   | 9,1   | (1,5%)      |
| Leases Financial Expenses                                  | 6,5   | 6,2   | (4,8%)      |
| Funding & Other Financial Expenses                         | 2,7   | 2,8   | 6,5%        |
| Income Before Income Taxes                                 | 40,1  | 48,0  | 19,8%       |
| Income Taxes   | 9,5   | 6,9   | (27,2%)     |
| Net Income Before Associates & Non-Controlling Interests   | 27,7  | 35,8  | 29,2%       |
| o.w. Attributable to Non-Controlling Interests             | (0,0) | (0,0) | 59,6%       |
| Net Income   | 30,5  | 41,1  | 34,6%       |

(1) Includes cinema operations in Mozambique

(2) Non-Direct Costs Include Commercial & Customer Related Costs and Operating & Structure Costs

(3) EBITDA = Operating Profit + Depreciation and Amortization + Integration Costs + Net Losses/Gains on Disposal of Assets + Other Non-Recurrent Losses/Gains

(4) EBIT = Income Before Financials and Income Taxes.

## REVENUES

Consolidated Revenues increased 10.6% in 1Q22 to 373.4 million euros, combining growth in Telco revenues of 9.0% to 365.8 million euros and of 71.1% in A&C revenues to 16.6 million euros. The quarterly growth in Telco revenues reflects continued strength in underlying operating performance with net RGU growth of 87.8 thousand to 10.393 million, up by 5% yoy. The main driver of RGU growth is mobile services, with 73.6 thousand net adds in 1Q22, taking the total mobile subscriber base to 5.423 million subscribers (62% post-paid contract customers). Customers continue to show clear preference for convergent bundles with 1.036 million subscribers, representing more than 65% of the fixed customer base and leading to continued take up of additional mobile cards within a single residential bill. Overall, revenues from the B2C segment increased



by 2.0% yoy to 248.9 million euros. In the B2B segment, we continued to grow the underlying base of managed service solutions in the quarter and reinforce our positioning as the preferential partner for digital transformation of Portuguese companies, leveraging the potential of 5G to accelerate that transformation. In addition to strong underlying growth in core customer revenues, we recorded one-off low margin sales in the corporate segment and, due to the generalized easing in travel restrictions, revenues from roaming traffic almost doubled yoy in 1Q22, explaining the growth recorded in wholesale and other telco revenues.

Cinema and Audiovisual revenues were 71.1% higher yoy, reaching 16.6 million euros in 1Q22. The decline in comparison with the previous quarter is explained by the government imposition of strict social distancing measures at the start of the year driving spectators away from movie theatres and leading to some delays in blockbuster launches. However, box office sales started to recover as the quarter progressed, accompanying the progressive relaxation of restrictions, and consolidating yoy improvement.

| Operating Indicators ('000)                           | 1Q21 | 1Q22    | 1Q22 / 1Q21 |
|---|------|---------|-------------|
| <b>Cinema <sup>(1)</sup></b>                          |      |         |             |
| Revenue per Ticket (Euros)                            | 5,5  | 5,5     | (0,2%)      |
| Tickets Sold - NOS                                    | 15,9 | 987,6   | 6111,4%     |
| Tickets Sold - Total Portuguese Market <sup>(2)</sup> | 26,9 | 1.552,3 | 5673,4%     |
| Screens (units)                                       | 208  | 208     | 0,0%        |

(1) Portuguese Operations

(2) Source: ICA - Portuguese Institute For Cinema and Audiovisuals

## OPEX, EBITDA AND NET RESULTS

Consolidated EBITDA increased 4.8% to 159.4 million euros, representing a 42.7% margin as a proportion of Revenues. Growth in Telco EBITDA amounted to 4.3%, to 149.6 million euros, accompanying strong underlying revenue performance and operational efficiencies. The growth in Telco OPEX is explained primarily by the mirror effect on cost of goods sold of one-off low margin sales in the corporate segment. Other OPEX recorded a combination of opposite variations yoy, amongst which a yoy increase in marketing and publicity costs, due to a greater volume of marketing campaigns aired over the past months and some improvement in premium programming costs. Variations in remaining items were relatively small, reflecting a degree of cost management that has already incorporated the more immediate opportunities for operating efficiencies. Additional optimization is still being sought, albeit through transformational processes that will take some time to be reflected in OPEX savings or avoidance. Audiovisuals and Cinema EBITDA grew by 13.1% to 9.8 million euros, benefitting from strength in revenues and cost management initiatives. Overall, costs are increasing in this division due to the recovery in operational activity and resurgence of contractual obligations that had been negotiated down during the most challenging phases of the pandemic.

Consolidated Net Income increased by 34.6% to 41.1 million euros driven primarily by a combination of both positive and negative variations, namely increased EBITDA, higher depreciations due primarily to the increased investment in network and in 5G spectrum, a lower level of other expenses/income when compared with 1Q21 due to a favourable court ruling. The decline yoy in income tax provision is explained primarily by higher tax incentives recorded in 1Q22.



## CAPEX

As planned, NOS' accelerated 5G rollout programme and continued FttH expansion are visible in technical CAPEX which grew by 82.3% yoy to 89.4 million euros. Of this amount, 50.4 million euros is related to network expansion, substitution, and integration projects, compared with 10.4 million euros in 1Q21. Baseline Telco CAPEX was similar to the level of 1Q21 and Customer related CAPEX was 18.1% lower, reflecting continued efficiencies and more effective commercial activity and optimization of CPE investments and installation costs.

NOS' total fixed Gigabit network coverage already reached 5.165 million households in Portugal, of which 54%, with FttH. During 1Q22, NOS increased its FttH network by an additional 41 thousand households to 2.774 million households, investing at a pace similar to that of previous quarters. As regards mobile NOS continued to accelerate its 5G deployment schedule. NOS' overall approach to network deployment aims to be as fast and economically and environmentally rational as possible. As such, NOS has several strategic fixed and mobile network sharing agreements in place, as well as agreements to use third party networks where they present a more viable opportunity. NOS has also monetized a significant proportion of its mobile tower portfolio through a global agreement originally announced in 2020. In addition to the approximately 2 thousand towers (sites and rooftops) first transferred to Cellnex through the equity sale of NOS Towering, generating initial proceeds of 375 million euros, on 21 April 2022, [NOS announced a transaction](#) within the scope of this agreement, to sell an additional 350 towers for which 155 million euros will be received this year.

CAPEX in the Audiovisuals and Cinema division started to pick up with increased operating activity in the quarter. Although higher yoy at 5.8 million euros, quarterly investment in this division is still below pre-pandemic levels, as are revenues.

| CAPEX (Millions of Euros) <sup>(1)</sup>   | 1Q21  | 1Q22  | 1Q22 / 1Q21 |
|--|-------|-------|-------------|
| Total CAPEX Excluding Leasing Contracts, Spectrum license & Other Contractual Rights | 96,0  | 131,4 | 37,0%       |
| Telco  | 93,2  | 125,6 | 34,7%       |
| % of Telco Revenues  | 27,8% | 34,3% | 6,6pp       |
| o.w. Technical CAPEX   | 49,0  | 89,4  | 82,3%       |
| % of Telco Revenues  | 14,6% | 24,4% | 9,8pp       |
| Baseline Telco   | 38,6  | 39,0  | 1,0%        |
| Network Expansion / Substitution and Integration Projects and Others                 | 10,4  | 50,4  | 384,5%      |
| o.w. Customer Related CAPEX  | 44,2  | 36,2  | (18,1%)     |
| % of Telco Revenues  | 13,2% | 9,9%  | (3,3pp)     |
| Audiovisuals and Cinema Exhibition   | 2,7   | 5,8   | 114,0%      |
| Leasing Contracts & Other Contractual Rights   | 2,9   | 11,8  | 309,1%      |
| Total Group CAPEX  | 98,8  | 143,3 | 44,9%       |

(1) CAPEX = Increase in Tangible and Intangible Fixed Assets, Contract Costs and Rights of Use



## CASH FLOW

| Cash Flow (Millions of Euros)   | 1Q21   | 1Q22    | 1Q22 / 1Q21 |
|---|--------|---------|-------------|
| EBITDA  | 152,2  | 159,4   | 4,8%        |
| Total CAPEX Excluding Leasings, Spectrum License & Other Contractual Rights             | (96,0) | (131,4) | 37,0%       |
| EBITDA - Total CAPEX Excluding Leasings, Spectrum License & Other Contractual Rights    | 56,2   | 28,0    | (50,2%)     |
| % of Revenues   | 16,7%  | 7,5%    | (9,2pp)     |
| Non-Cash Items Included in EBITDA - CAPEX and Change in Working Capital                 | (3,2)  | 1,9     | (159,5%)    |
| Leasings (Capital & Interest) <sup>(1)</sup>  | (21,1) | (21,9)  | 3,6%        |
| Operating Cash Flow   | 31,9   | 8,1     | (74,8%)     |
| Interest Paid   | (3,5)  | (3,2)   | (7,6%)      |
| Income Taxes Paid   | (1,5)  | (0,2)   | (84,6%)     |
| Disposals   | 0,2    | 0,5     | 230,3%      |
| Other Cash Movements <sup>(2)</sup>   | (5,9)  | (1,0)   | (82,4%)     |
| Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition | 21,2   | 4,1     | (80,6%)     |
| Financial Investments   | 0,2    | 0,2     | (12,9%)     |
| Acquisition of Own Shares   | (2,1)  | (2,9)   | 41,7%       |
| Free Cash Flow  | 19,3   | 1,4     | (92,9%)     |
| Debt Variation Through Financial Leasing, Accruals & Deferrals & Others                 | (0,7)  | (0,2)   | (69,6%)     |
| Change in Net Financial Debt  | (18,7) | (1,2)   | (93,8%)     |

(1) Includes Long Term Contracts.

(2) Includes Cash Restructuring Payments and Other Cash Movements.

In 1Q22, EBITDA – total CAPEX excluding leases, Spectrum License & Other Contractual Rights amounted to 28.0 million euros representing a decline yoy due to the significantly higher level of investment in 1Q22, as discussed above. All other Cash Flow items presented a relatively similar profile yoy, leading to Total Free Cash Flow before Dividends, Financial Investments and Own Shares in 1Q22 of 4.1 million euros.

## CONSOLIDATED BALANCE SHEET

| Balance Sheet (Millions of Euros)          | 1Q21    | 1Q22    | 1Q22 / 1Q21 |
|--|---------|---------|-------------|
| Non-current Assets                         | 2.555,8 | 2.795,8 | 9,4%        |
| Current Assets                             | 628,8   | 536,8   | (14,6%)     |
| Total Assets                               | 3.184,6 | 3.332,7 | 4,6%        |
| Total Shareholders' Equity                 | 987,8   | 1.007,3 | 2,0%        |
| Non-current Liabilities                    | 1.320,4 | 1.537,7 | 16,5%       |
| Current Liabilities                        | 876,5   | 787,7   | (10,1%)     |
| Total Liabilities                          | 2.196,8 | 2.325,4 | 5,9%        |
| Total Liabilities and Shareholders' Equity | 3.184,6 | 3.332,7 | 4,6%        |



## CAPITAL STRUCTURE AND FUNDING

| Net Financial Debt (Millions of Euros)  | 1Q21    | 1Q22    | 1Q22 / 1Q21 |
|---|---------|---------|-------------|
| Short Term  | 249,6   | 99,1    | (60,3%)     |
| Medium and Long Term  | 705,0   | 947,0   | 34,3%       |
| Total Debt  | 954,6   | 1.046,0 | 9,6%        |
| Cash and Short Term Investments   | 171,2   | 15,5    | (90,9%)     |
| Net Financial Debt <sup>(1)</sup>   | 783,4   | 1.030,5 | 31,6%       |
| Net Financial Debt / EBITDA after lease payments (last 4 quarters) <sup>(2)</sup> | 1,50x   | 1,96x   | 0,31pp      |
| Leasings and Long Term Contracts  | 560,4   | 528,8   | (5,6%)      |
| Net Debt  | 1.343,8 | 1.559,3 | 16,0%       |
| Net Debt / EBITDA   | 2,23x   | 2,49x   | 0,12pp      |
| Net Financial Gearing <sup>(3)</sup>  | 57,6%   | 60,8%   | 5,4%        |

(1) Net Financial Debt = Borrowings - Leasings - Cash

(2) EBITDA After Lease Payments = EBITDA - Lease Cash Payments (Capital & Interest)

(3) Net Financial Gearing = Net Debt / (Net Debt + Total Shareholders' Equity)

At the end of 1Q22, Total Net Debt, including Leasings and Long-Term Contracts (according to IFRS16) amounted to 1,559.3 million euros. Net Financial Debt stood at 1,030.5 million euros with a cash and short-term investment position on the balance sheet of 15.5 million euros. At the end of 1Q22, NOS also had 277.5 million euros in unissued commercial paper programmes.

Net Financial Debt / EBITDA After Lease Payments (last 4 quarters) stood at 1.96x, slightly below NOS' target leverage ratio in the range of 2x Net Financial Debt / EBITDA after lease payments, which represents a solid and conservative capital structure that NOS is committed to maintain. The all-in average cost of debt stood at 1.2 % for 1Q22, which compares with 1.6% in 1Q21.

At the end of March, NOS secured 300 million euros in sustainable financing lines, in bank loans structured as bond issues and commercial paper programmes, with maturity in 2027, with three financial institutions – Banco BPI, Caixa Geral de Depósitos e Millennium bcp. These bank loans are supported by the recently developed [Sustainability-Linked Financing Framework](#) and are linked to the Sustainability Performance Target of the Group's Greenhouse gas (GHG) emission (Scope 1 and 2), establishing a reduction of at least 80% by 2025, compared to 2019. This target is aligned with NOS' validated Science Based Targets which aim to keep global warming limited to 1.5°C and in line with climatic science and best practices of the sector.

The Sustainability-Linked Financing Framework was defined with the purpose of aligning financing strategy with NOS' corporate strategy, allowing financing in a sustainability-linked format. S&P Global issued the Second Party Opinion and confirmed alignment with Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles and ranks most of the categories of the Framework as "Advanced" (the best possible rating). With these transactions, NOS is strengthening the link between its financing cost and sustainability performance, demonstrating its strategic relevance and commitment at every organizational level, and to achieve best-in-class performance in ESG indicators. These facilities contribute positively towards NOS' average cost of debt, which is at highly attractive levels compared to its national and European peers, and towards diversifying instruments and extending maturities. After these transactions NOS holds more than 40% of its contractual debt linked to sustainability indicators and targets.

At the end of 1Q22, the average maturity of NOS debt was 2.9 years. Taking into account loans issued at a fixed rate and interest rate hedging operations in place, as at 31 March 2022, the proportion of NOS' issued debt paying interest at a fixed rate was approximately 100%.



## SHAREHOLDER REMUNERATION

On 21 April 2022, NOS' held its Annual General Meeting. All points on the agenda were approved and as a result, NOS' shareholders approved a dividend payment of 27.8c per share, in line with last year and representing a dividend yield of approximately 6.9%. Upon payment NOS will still have a very conservative capital structure, remaining close to its target net debt ratio of 2x NFD / EBITDA AL, albeit temporarily higher due to the one-off 5G license payment in 4Q21. With strong underlying cash flow generation and the additional tranche of cash proceeds to be received in 2022 from Cellnex of 155 million euros, NOS remains solidly positioned to meet future investments and committed to distribute an attractive level of dividends whilst maintaining a strategic focus on preserving a strong capital structure to support continued delivery of sustainable value creation for shareholders.



02

# **CONSOLIDATED FINANCIAL STATEMENTS**

# CONDENSED CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION

AT 31 MARCH 2021, 31 DECEMBER 2021 AND 31 MARCH 2022

(Amounts stated in thousands of euros)

|  | NOTES | 31-03-2021       | 31-12-2021       | 31-03-2022       |
|--|-------|------------------|------------------|------------------|
| <b>ASSETS</b>  |       |                  |                  |                  |
| <b>NON - CURRENT ASSETS:</b>   |       |                  |                  |                  |
| Tangible assets  | 7     | 997 846          | 1 041 100        | 1 077 803        |
| Investment property  |       | 633              | 621              | 617              |
| Intangible assets  | 8     | 1 042 464        | 1 205 031        | 1 204 881        |
| Contract costs   | 9     | 163 867          | 162 118          | 161 375          |
| Rights of use  | 10    | 248 221          | 236 063          | 232 903          |
| Investments in jointly controlled companies and associated companies | 11    | 14 460           | 18 091           | 27 668           |
| Accounts receivable - other  | 12    | 7 207            | 5 914            | 5 583            |
| Tax receivable   | 13    | 149              | 149              | 61               |
| Other financial assets non-current                                   | 14    | 597              | 2 074            | 2 143            |
| Deferred income tax assets   | 15    | 80 254           | 81 390           | 82 349           |
| Derivative financial instruments                                     | 20    | 112              | 361              | 460              |
| <b>TOTAL NON - CURRENT ASSETS</b>                                    |       | <b>2 555 810</b> | <b>2 752 912</b> | <b>2 795 843</b> |
| <b>CURRENT ASSETS:</b>   |       |                  |                  |                  |
| Inventories  | 16    | 43 274           | 44 014           | 51 057           |
| Accounts receivable - trade  | 17    | 284 598          | 323 934          | 330 915          |
| Contract assets  | 18    | 61 531           | 61 764           | 60 916           |
| Accounts receivable - other  | 12    | 23 268           | 18 392           | 18 850           |
| Tax receivable   | 13    | 3 325            | 2 538            | 5 236            |
| Prepaid expenses   | 19    | 41 062           | 44 878           | 54 041           |
| Non-current assets held-for-sale                                     |       | 450              | -                | -                |
| Derivative financial instruments                                     | 20    | 142              | 61               | 322              |
| Cash and cash equivalents  | 21    | 171 182          | 10 902           | 15 497           |
| <b>TOTAL CURRENT ASSETS</b>  |       | <b>628 832</b>   | <b>506 483</b>   | <b>536 834</b>   |
| <b>TOTAL ASSETS</b>  |       | <b>3 184 642</b> | <b>3 259 395</b> | <b>3 332 677</b> |



# CONDENSED CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION

AT 31 MARCH 2021, 31 DECEMBER 2021 AND 31 MARCH 2022

(Amounts stated in thousands of euros)

|   | NOTES | 31-03-2021       | 31-12-2021       | 31-03-2022       |
|---|-------|------------------|------------------|------------------|
| <b>SHAREHOLDER'S EQUITY</b>                       |       |                  |                  |                  |
| Share capital                                     | 22.1  | 5 152            | 5 152            | 5 152            |
| Capital issued premium                            | 22.2  | 854 219          | 854 219          | 854 219          |
| Own shares  | 22.3  | (12 453)         | (12 353)         | (12 278)         |
| Legal reserve                                     | 22.4  | 1 030            | 1 030            | 1 030            |
| Other reserves and accumulated earnings           | 22.4  | 102 641          | (35 586)         | 111 686          |
| Net Income  |       | 30 548           | 144 159          | 41 108           |
| <b>EQUITY BEFORE NON-CONTROLLING INTERESTS</b>    |       | <b>981 137</b>   | <b>956 621</b>   | <b>1 000 917</b> |
| Non-controlling interests                         | 23    | 6 660            | 6 379            | 6 344            |
| <b>TOTAL EQUITY</b>                               |       | <b>987 797</b>   | <b>963 000</b>   | <b>1 007 261</b> |
| <b>LIABILITIES</b>                                |       |                  |                  |                  |
| <b>NON-CURRENT LIABILITIES:</b>                   |       |                  |                  |                  |
| Borrowings  | 24    | 1 197 812        | 1 275 541        | 1 409 383        |
| Provisions  | 25    | 73 026           | 82 516           | 80 774           |
| Accounts payable - other                          | 29    | 39 273           | 38 502           | 38 570           |
| Accrued expenses                                  | 26    | 550              | 497              | -                |
| Deferred income                                   | 27    | 4 587            | 4 230            | 3 802            |
| Deferred income tax liabilities                   | 15    | 5 120            | 5 159            | 5 221            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>              |       | <b>1 320 368</b> | <b>1 406 445</b> | <b>1 537 750</b> |
| <b>CURRENT LIABILITIES:</b>                       |       |                  |                  |                  |
| Borrowings  | 24    | 317 137          | 301 068          | 165 463          |
| Accounts payable - trade                          | 28    | 250 950          | 279 993          | 277 921          |
| Accounts payable - other                          | 29    | 30 617           | 35 639           | 30 229           |
| Tax payable                                       | 13    | 69 802           | 61 526           | 73 938           |
| Accrued expenses                                  | 26    | 175 666          | 175 784          | 204 321          |
| Deferred income                                   | 27    | 31 839           | 35 603           | 35 790           |
| Derivative financial instruments                  | 20    | 466              | 337              | 4                |
| <b>TOTAL CURRENT LIABILITIES</b>                  |       | <b>876 477</b>   | <b>889 950</b>   | <b>787 666</b>   |
| <b>TOTAL LIABILITIES</b>                          |       | <b>2 196 845</b> | <b>2 296 395</b> | <b>2 325 416</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b> |       | <b>3 184 642</b> | <b>3 259 395</b> | <b>3 332 677</b> |

As standard practice, only the annual accounts are audited, therefore the quarterly amounts were not audited autonomously.

The Notes to the Financial Statements form an integral part of the consolidated statement of financial position as at 31 March 2022.

The Chief Accountant

The Board of Directors



# CONDENSED CONSOLIDATED STATEMENT OF INCOME BY NATURE

FOR THE QUARTERS ENDED ON 31 MARCH 2021 AND 2022

(Amounts stated in thousands of euros)

|  | NOTES           | 3M 21          | 3M 22          |
|--|-----------------|----------------|----------------|
| <b>REVENUES:</b>   |                 |                |                |
| Services rendered  |                 | 312 484        | 327 970        |
| Sales  |                 | 19 596         | 37 925         |
| Other operating revenues   |                 | 5 351          | 7 472          |
|  | 30              | <b>337 431</b> | <b>373 367</b> |
| <b>COSTS, LOSSES AND GAINS:</b>  |                 |                |                |
| Wages and salaries   | 31              | 20 505         | 20 292         |
| Direct costs   | 32              | 81 812         | 80 521         |
| Costs of products sold   | 33              | 17 345         | 35 073         |
| Marketing and advertising  |                 | 2 961          | 5 274          |
| Support services   | 34              | 20 875         | 20 630         |
| Supplies and external services   | 34              | 29 232         | 38 173         |
| Operating losses/ (gains)  |                 | 112            | 334            |
| Indirect taxes   |                 | 8 222          | 8 788          |
| Provisions and adjustments   | 35              | 4 198          | 4 841          |
| Depreciation, amortisations and impairment losses  | 7,8,9,10 and 37 | 101 421        | 110 405        |
| Restructuring costs  | 38              | 4 065          | 1 006          |
| Net losses / (gains) on sale of assets   |                 | (103)          | (15)           |
| Net other losses / (gains) non current   | 39              | 359            | (3 718)        |
|  |                 | <b>291 004</b> | <b>321 604</b> |
| <b>INCOME BEFORE LOSSES/ (GAINS) PARTICIPATED COMPANIES, FINANCIAL RESULTS AND TAXES</b> |                 |                |                |
|  |                 | <b>46 427</b>  | <b>51 763</b>  |
| Net losses / (gains) of affiliated companies   | 11 and 36       | (2 837)        | (5 307)        |
| Financial costs  | 40              | 8 705          | 8 138          |
| Net foreign exchange losses / (gains)  |                 | (396)          | 92             |
| Net losses / (gains) on financial assets   |                 | 54             | 34             |
| Net other financial expenses / (income)  | 40              | 830            | 786            |
|  |                 | <b>6 356</b>   | <b>3 743</b>   |
| <b>INCOME BEFORE TAXES</b>   |                 |                |                |
| Income taxes   | 15              | 9 542          | 6 943          |
| <b>NET CONSOLIDATED INCOME</b>   |                 |                |                |
|  |                 | <b>30 529</b>  | <b>41 077</b>  |
| <b>ATTRIBUTABLE TO:</b>  |                 |                |                |
| NOS Group Shareholders   |                 | 30 548         | 41 108         |
| Non-controlling interests  | 23              | (19)           | (31)           |
| <b>EARNINGS PER SHARE</b>  |                 |                |                |
| Basic - euros  | 41              | 0,06           | 0,08           |
| Diluted - euros  | 41              | 0,06           | 0,08           |

As a standard practice, only the annual accounts are audited, therefore the quarterly amounts were not audited autonomously.

The Notes to the Financial Statements form an integral part of the consolidated statement of income by nature for the financial year ended on 31 March 2022.

The Chief Accountant

The Board of Directors



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTERS ENDED ON 31 MARCH 2021 AND 2022

(Amounts stated in thousands of euros)

|   | Notes | 3M 21         | 3M 22         |
|---|-------|---------------|---------------|
| <b>NET CONSOLIDATED INCOME</b>  |       | <b>30 529</b> | <b>41 077</b> |
| <b>OTHER INCOME</b>   |       |               |               |
| <b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:</b> |       |               |               |
| Accounting for equity method  | 11    | 726           | 4 270         |
| Fair value of interest rate swap  | 20    | 9             | 10            |
| Deferred income tax - interest rate swap                                    | 20    | (2)           | (2)           |
| Fair value of equity swaps  | 20    | 431           | 281           |
| Deferred income tax - equity swap   | 20    | (97)          | (63)          |
| Fair value of exchange rate forward   | 20    | 22            | 82            |
| Deferred income tax - exchange rate forward                                 | 20    | (5)           | (24)          |
| Currency translation differences and others                                 |       | (76)          | (14)          |
| <b>INCOME RECOGNISED DIRECTLY IN EQUITY</b>                                 |       | <b>1 008</b>  | <b>4 540</b>  |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |       | <b>31 537</b> | <b>45 617</b> |
| <b>ATTRIBUTABLE TO:</b>   |       |               |               |
| NOS Group Shareholders  |       | 31 556        | 45 648        |
| Non-controlling interests   |       | (19)          | (31)          |
|   |       | <b>31 537</b> | <b>45 617</b> |

As a standard practice, only the annual accounts are audited, therefore the quarterly amounts were not audited autonomously.

The Notes to the Financial Statements form an integral part of the consolidated statement of comprehensive income for the financial year ended on 31 March 2022.

The Chief Accountant

The Board of Directors



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE QUARTER ENDED ON 31 MARCH 2021 AND 2022

(Amounts stated in thousands of euros)

|  | NOTES | SHARE CAPITAL | CAPITAL ISSUED PREMIUM | ATTRIBUTABLE TO NOS GROUP SHAREHOLDERS |               |                |            | NON-CONTROLLING INTERESTS | TOTAL     |
|--|-------|---------------|------------------------|--|---------------|----------------|------------|---------------------------|-----------|
|  |       |               |                        | OWN SHARES DISCOUNTS AND PREMIUMS      | LEGAL RESERVE | OTHER RESERVES | NET INCOME |                           |           |
| <b>BALANCE AS AT 1 JANUARY 2021</b>                  |       | 5 152         | 854 219                | (14 859)                               | 1 030         | 12 007         | 92 000     | 6 685                     | 956 234   |
| Result appropriation                                 |       |               |                        |  |               |                |            |                           |           |
| Transfers to reserves                                |       | -             | -                      | -                                      | -             | 92 000         | (92 000)   | -                         | -         |
| Aquisition of own shares                             | 22.3  | -             | -                      | (2 069)                                | -             | -              | -          | -                         | (2 069)   |
| Distribution of own shares - share incentive scheme  | 22.3  | -             | -                      | 3 884                                  | -             | (3 884)        | -          | -                         | -         |
| Distribution of own shares - other remunerations     | 22.3  | -             | -                      | 591                                    | -             | (131)          | -          | -                         | 460       |
| Share Plan - costs incurred in the period and others |       | -             | -                      | -                                      | -             | 1 641          | -          | (6)                       | 1 635     |
| Comprehensive Income                                 |       | -             | -                      | -                                      | -             | 1 008          | 30 548     | (19)                      | 31 537    |
| <b>BALANCE AS AT 31 MARCH 2021</b>                   |       | 5 152         | 854 219                | (12 453)                               | 1 030         | 102 641        | 30 548     | 6 660                     | 987 797   |
| <b>BALANCE AS AT 1 JANUARY 2022</b>                  |       | 5 152         | 854 219                | (12 353)                               | 1 030         | (35 586)       | 144 159    | 6 379                     | 963 000   |
| Result appropriation                                 |       |               |                        |  |               |                |            |                           |           |
| Transfers to reserves                                |       | -             | -                      | -                                      | -             | 144 159        | (144 159)  | -                         | -         |
| Aquisition of own shares                             | 22.3  | -             | -                      | (3 358)                                | -             | -              | -          | -                         | (3 358)   |
| Distribution of own shares - share incentive scheme  | 22.3  | -             | -                      | 3 147                                  | -             | (3 147)        | -          | -                         | -         |
| Distribution of own shares - other remunerations     | 22.3  | -             | -                      | 286                                    | -             | (14)           | -          | -                         | 272       |
| Share Plan - costs incurred in the period and others | 45    | -             | -                      | -                                      | -             | 1 734          | -          | (4)                       | 1 730     |
| Comprehensive Income                                 |       | -             | -                      | -                                      | -             | 4 540          | 41 108     | (31)                      | 45 617    |
| <b>BALANCE AS AT 31 MARCH 2022</b>                   |       | 5 152         | 854 219                | (12 278)                               | 1 030         | 111 686        | 41 108     | 6 344                     | 1 007 261 |

As a standard practice, only the annual accounts are audited, therefore the quarterly amounts were not audited autonomously.

The Notes to the Financial Statements form an integral part of the consolidated statement of changes in shareholders' equity for the financial year ended on 31 March 2022.

The Chief Accountant

The Board of Directors

# CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE QUARTER ENDED ON 31 MARCH 2021 AND 2022

(Amounts stated in thousands of euros)

|  | NOTES     | 3M 21            | 3M 22            |
|--|-----------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>  |           |                  |                  |
| Collections from clients   |           | 399 847          | 427 725          |
| Payments to suppliers  |           | (188 027)        | (214 715)        |
| Payments to employees  |           | (26 034)         | (23 022)         |
| Receipts / (Payments) relating to income taxes                     |           | (1 491)          | (230)            |
| Other cash receipts / (payments) related with operating activities |           | (6 670)          | (8 683)          |
| <b>CASH FLOW FROM OPERATING ACTIVITIES (1)</b>                     |           | <b>177 625</b>   | <b>181 075</b>   |
| <b>INVESTING ACTIVITIES</b>  |           |                  |                  |
| <b>CASH RECEIPTS RESULTING FROM</b>                                |           |                  |                  |
| Financial investments  |           | 275              | 275              |
| Tangible assets  |           | 302              | 579              |
| Interest and related income  |           | 880              | 1 142            |
|  |           | <b>1 457</b>     | <b>1 996</b>     |
| <b>PAYMENTS RESULTING FROM</b>                                     |           |                  |                  |
| Financial investments  | 44.2      | (60)             | (88)             |
| Tangible assets  |           | (82 390)         | (93 424)         |
| Intangible assets and contract costs                               |           | (48 690)         | (58 325)         |
|  |           | <b>(131 140)</b> | <b>(151 837)</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES (2)</b>                     |           | <b>(129 683)</b> | <b>(149 841)</b> |
| <b>FINANCING ACTIVITIES</b>  |           |                  |                  |
| <b>CASH RECEIPTS RESULTING FROM</b>                                |           |                  |                  |
| Borrowings   |           | -                | 152 200          |
|  |           | -                | <b>152 200</b>   |
| <b>PAYMENTS RESULTING FROM</b>                                     |           |                  |                  |
| Borrowings   |           | -                | (150 000)        |
| Lease rentals (principal)  |           | (16 835)         | (16 901)         |
| Interest and related expenses                                      |           | (10 737)         | (10 871)         |
| Aquisition of own shares   | 22.3      | (2 069)          | (2 930)          |
|  |           | <b>(29 641)</b>  | <b>(180 702)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES (3)</b>                     |           | <b>(29 641)</b>  | <b>(28 502)</b>  |
| Change in cash and cash equivalents (4)=(1)+(2)+(3)                |           | 18 301           | 2 732            |
| Effect of exchange differences                                     |           | 50               | 3                |
| Cash and cash equivalents at the beginning of the year             |           | 151 014          | 10 170           |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>          | <b>21</b> | <b>169 365</b>   | <b>12 905</b>    |
| Cash and cash equivalents  | 21        | 171 182          | 15 497           |
| Bank overdrafts  | 24        | (1 817)          | (2 592)          |

As a standard practice, only the annual accounts are audited, therefore the quarterly amounts were not audited autonomously.

The Notes to the Financial Statements form an integral part of the consolidated statement of cash flows for the financial year ended on 31 March 2022.

The Chief Accountant

The Board of Directors



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 2022

(Amounts stated in thousands of euros, unless otherwise stated)

## 1. Introductory Note

NOS, SGPS, S.A. ("NOS", "NOS SGPS" or "Company"), formerly named ZON OPTIMUS, SGPS, S.A. ("ZON OPTIMUS") and until 27 August 2013, named ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ("ZON"), with Company headquarters registered at Rua Actor António Silva, nº9, Campo Grande, was established by Portugal Telecom, SGPS, S.A. ("Portugal Telecom") on 15 July 1999 for the purpose of implementing its multimedia business strategy.

During the 2007 financial year, Portugal Telecom proceeded with the spin-off of ZON through the attribution of its participation in the company to their shareholders, which became fully independent from Portugal Telecom.

During the 2013 financial year, ZON and Optimus, SGPS, S.A. ("Optimus SGPS") have merged through the incorporation of Optimus SGPS into ZON. Thereafter, the Company adopted the designation of ZON OPTIMUS, SGPS, S.A..

On 20 June 2014, because of the launch of the new brand "NOS" on 16 May 2014, the General Meeting of Shareholders approved the change of the Company's name to NOS, SGPS, S.A..

The businesses operated by NOS and its associated companies, form the "NOS Group" or "Group", which includes cable and satellite television services, voice and Internet access services, video production and sale, advertising on Pay TV channels, cinema exhibition and distribution, the production of channels for Pay TV, management of datacenters and consulting services in IT, mainly in the Portuguese market.

NOS shares are listed on the Euronext Lisbon market. The shareholders' structure of the Group as at 31 March 2022 is shown in Note 22.

The business of NOS Comunicações, S.A. ("NOS SA") and its subsidiaries, NOS Açores, NOS Madeira and NOS wholesale comprehends: a) cable and satellite television distribution; b) the operation of the latest generation mobile communication network, GSM/UMTS/LTE/5G; c) the operation of electronic communications services, including data and multimedia communication services in general; d) IP voice services ("VOIP" - Voice over IP); e) Mobile Virtual Network Operator ("MVNO"), and f) the provision of consultancy and similar services directly or indirectly related to the above mentioned activities and services. The business of these companies is regulated by Law no. 5/2004 (Electronic Communications Law), which establishes the legal regime governing electronic communications networks and services.

The main activity of NOS Audio – Sales and Distribution, S.A., previously designated NOS Lusomundo TV, S.A. and the result of the merger of NOSPUB with NOS Lusomundo TV on December 2020, is the negotiation, acquisition and distribution of content rights and other multimedia products to television and other platforms of distribution, currently producing films and series channels through the compilation of the acquired contents, which are distributed, among other operators, by NOS SA and its subsidiaries. This company also manages the advertising space on Pay TV channels and in the cinemas of NOS Cinemas.

NOS Audiovisuais and NOS Cinemas, together with their associated companies, operate in the audiovisual sector, which includes video production and sale, cinema exhibition and distribution, and the acquisition/negotiation of Pay TV and VOD (video-on-demand) rights.

NOS Sistemas is a company dedicated to datacentre management and consulting services in IT.

NOS Inovação main activities are conducting and stimulating scientific activities of R&D (it owns all the intellectual property developed within the NOS Group, intending to guarantee the return of the initial investment through the commercialization of patents and concessions regarding commercial operation, as a result of the creation of new products and services), the demonstration, disclosure, technology and training transfers in the services and information management domains as well as fixed and mobile solutions of the latest generation of TV, internet, voice and data solutions.



These notes to the Financial Statements follow the order in which the items are shown in the consolidated financial statements.

The consolidated financial statements for the quarter ended on 31 March 2022 were approved by the Board of Directors and their issue authorised on 3 May 2022.

The Board of Directors believes that these financial statements give a true and fair view of the Group's operations, financial performance, and consolidated cash flows.

## **2. Accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are described below. These policies were consistently applied to all the financial years presented, unless otherwise stated.

### **2.1. Principles of presentation**

The consolidated financial statements were prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Therefore, these financial statements do not include all the information required by IFRS, so they must be read in conjunction with the consolidated financial statements for the year ended on 31 December 2021.

The consolidated financial statements are presented in euros as this is the main currency of the Group's operations and all amounts are presented in thousands of euros, except when referred to the financial statements of subsidiaries located abroad were converted into euros in accordance with the accounting policies described in Note 2.3.21.

The consolidated financial statements were prepared on a going concern basis from the ledgers and accounting records of the companies included in the consolidation (Annex A)), using the historical cost convention, adjusted when necessary for the valuation of financial assets and liabilities (including derivatives) at their fair value (Note 2.3.24).

In preparing the consolidated financial statements in accordance with IFRS, the Board used estimates, assumptions, and critical judgments with impact on the value of assets and liabilities and the recognition of income and costs in each reporting period. Although these estimates were based on the best information available at the date of preparation of the consolidated financial statements, current and future results may differ from these estimates. The areas involving a higher element of judgment and estimates are described in Note 3.

The Board of Directors is convinced that there are no material uncertainties that might question this assumption. An analysis was made that the Group has the necessary resources to continue its operations into the future, for a period of no less than 12 months from the reporting date.

In the preparation and presentation of the consolidated financial statements, the NOS Group declares that it complies explicitly and without reservation with IAS/IFRS reporting standards and related SIC/IFRIC interpretations as approved by the European Union.

### **Changes in accounting policies and disclosures**

The following standards, interpretations, amendments and revisions adopted ("endorsed") by the European Union were mandatory for the first time on the financial year beginning 1 January 2022:

- Amendments to IFRS 3 – References to the Conceptual Framework for Financial Reporting. Applicable in the European Union for financial years beginning on or after 1 January 2022. This amendment updates references to the Conceptual Framework in the text of IFRS 3, and no changes have been made to the accounting requirements for business activities concentrations. The accounting treatment to be adopted in relation to liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business activities concentration, is also clarified. The amendment is prospectively applicable.



- Amendments to IAS 16 – Proceeds before intended use. Applicable in the European Union for financial years beginning on or after 1 January 2022. Clarifies the accounting treatment given to the consideration obtained from the sale of products, which results from the production in the testing phase of tangible fixed assets, prohibiting their deduction from the cost of asset acquisition. The entity recognizes the income obtained from the sale of such products and the costs of their production in profit or loss.
- Amendments to IAS 37 – Onerous contracts – Costs of fulfilling a contract. Applicable in the European Union to financial years beginning on or after 1 January 2022. This amendment specifies that in the assessment of whether or not a contract is onerous, only expenses directly related to the performance of the contract can be considered, such as incremental costs related to direct labor and materials and the allocation of other expenses directly related, such as the allocation of depreciation expenses of the tangible assets used to carry out the contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. This amendment shall apply to contracts which, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without the need to re-express the comparative.
- Amendments to IAS 41 – Taxation in fair value measurements (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union to financial years beginning on or after 1 January 2022. This improvement eliminates the requirement to exclude tax cash flows in the measurement of the biological assets fair value, ensuring consistency with the principles of IFRS 13 – Fair value.
- Amendments to IFRS 1 – Subsidiary as a first-time adopter of IFRS (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union for financial years beginning on or after 1 January 2022. This improvement clarifies that, when the subsidiary chooses to measure its assets and liabilities at the amounts included in the consolidated financial statements of the parent company (assuming that no adjustment has occurred in the consolidation process), the measurement of accumulated translation differences of all foreign operations can be carried out at the amounts that would be recorded in the consolidated financial statements, based on the date of transition of the parent company to IFRS.
- Amendments to IFRS 9 – Derecognition of financial liabilities – Fees to be included in the "10 percent" variation test (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union to financial years beginning on or after 1 January 2022. This improvement clarifies which fees an entity should include when assessing whether the terms of a financial liability are materially different from the terms of the original financial liability. This improvement clarifies that in the scope of derecognition tests carried out on renegotiated liabilities, only commissions paid or received between the debtor and creditor should be included, including commissions paid or received by the debtor or creditor on behalf of the other.

The following standards, interpretations, amendments and revisions have been adopted ("endorsed") by the European Union, but only are mandatory in future financial years:

- Amendments to IAS 1 – Disclosure of accounting policies. Applicable in the European Union for years beginning on or after 1 January 2023. These amendments are intended to assist the entity in disclosing "material" accounting policies, previously designated as "significant" policies. Due to the inexistence of this concept in IFRS, it was decided to substitute the concept "materiality", a concept already known by the users of the financial statements. When assessing the materiality of accounting policies, the entity must consider not only the size of transactions but also other events or conditions and their nature.
- Amendments to IAS 8 - Definition of accounting estimates. Applicable in the European Union for years beginning on or after 1 January 2023. The amendment clarifies the distinction between changes in accounting estimates, changes in accounting policy and the correction of errors. Additionally, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.
- IFRS 17 – Insurance Contracts. Applicable in the European Union to financial years beginning on or



after 1 January 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Broadly speaking, IFRS 17 provides an accounting model for insurance contracts that is more useful and consistent for issuers. In contrast to the requirements in IFRS 4, which are based on previously adopted local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The Group did not apply any of these standards in advance in the financial statements in the quarter ended on 31 March 2022. No significant impacts on the financial statements resulting from their adoption are estimated.

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have not been endorsed by the European Union, until the date of approval of these financial statements:

- Amendments to IAS 1 – Disclosure of accounting policies. These amendments are intended to assist the entity in the disclosure of 'material' accounting policies, previously designated as 'significant' policies. Due to the inexistence of this concept in IFRS, it was decided to replace it with the concept "materiality", a concept already familiar to users of the financial statements. When assessing the materiality of accounting policies, the entity should consider not only the size of transactions but also other events or conditions and their nature.
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction. The amendments clarify that payments that settle a liability are tax deductible, however it is a matter of professional judgment whether such deductions are attributable to the liability recognised in the financial statements or to the related asset. This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under these amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of an asset and a liability give rise to taxable and deductible temporary differences that are not equal.
- Amendments to IFRS 17 – Insurance contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information. This amendment to IFRS 17 refers to the presentation of comparative information on financial assets, in the initial application of IFRS 17. The amendment adds a transition option that allows an entity to apply an "overlay" in the classification of a financial asset in the comparative period(s) presented in the initial application of IFRS 17. The "overlay" allows all financial assets, including those held in connection with activities unrelated to contracts within the scope of IFRS 17, to be classified, instrument by instrument, in the comparative period(s) in line with how the entity expects these assets to be classified on initial application of IFRS 9.

The Group did not apply any of these standards in advance in the financial statements in the quarter ended on 31 March 2022. No significant impacts on the financial statements resulting from their adoption are estimated.

#### **Disclosure change**

In the quarter ended on 31 March 2022, the Group changed the presentation of costs related to the rental of ducts and poles and network circuits, in the amount of 8.6 million euros, from Direct costs to Supplies and external services, in line with how the group's financial performance is analyzed internally. The amounts for the quarter ended on 31 March 2021 were restated.

## **2.2. Bases of Consolidation**

### **Controlled companies**

Controlled companies were consolidated by the full consolidation method. Control is deemed to exist when the Group is exposed or has rights, because of their involvement, to a variable return of the entity's activities, and has capacity to affect this return through the power over the entity. Namely, when the Company directly or indirectly holds a majority of the voting rights at a General Meeting of Shareholders or has the power to determine the financial and operating policies. In situations where the Company has, in substance, control of



other entities created for a specific purpose, although it does not directly hold equity in them, such entities are consolidated by the full consolidation method. The entities in these situations are listed in Annex A).

The interest of third parties in the equity and net profit of such companies' income presented separately in the consolidated statement of financial position and in the consolidated statement, respectively, under the item "Non-controlling Interests" (Note 23).

The identifiable acquired assets and the liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date, irrespective of the existence of non-controlled interests. The excess of acquisition cost over the fair value of the Group's share of identifiable acquired assets and liabilities is stated in Goodwill. When the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the income statement in the period in which the acquisition occurs.

The non-controlling interests are initially recognized as their proportion of the fair value of the identifiable assets and liabilities.

On the acquisition of additional equity shares in companies already controlled by the Group, the difference between the share of capital acquired and the corresponding acquisition value is recognized directly in equity.

When an increase in position in the capital of an associated company results in the acquisition of control, with the latter being included in the consolidated financial statements by the full consolidation method, the share of the fair values assigned to the assets and liabilities, corresponding to the percentages previously held, is stated in the income statement.

The directly attributable transaction costs are recognized immediately in profit or loss.

The results of companies acquired or sold during the year are included in the income statements as from the date of obtaining control or until the date of their disposal, respectively.

Intercompany transactions, balances, unrealized gains on transactions and dividends distributed between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction shows evidence of impairment of the transferred asset.

When necessary, adjustments are made to the financial statements of controlled companies in order to align their accounting policies with those of the Group.

### **Jointly controlled companies**

The classification of investments as jointly controlled companies is determined based on the existence of shareholder agreements, which show and regulate the joint control. Financial investments of jointly controlled companies (Annex C) are stated by the equity method. Under this method, financial investments are adjusted periodically by an amount corresponding to the share in the net profits of jointly controlled companies, as a contra entry in "Losses / (gains) of affiliated companies" in the income statement before financial results and taxes. Direct changes in the post-acquisition equity of jointly controlled companies are recognized as the value of the shareholding as a contra entry in reserves, in equity.

Additionally, financial investments may also be adjusted for recognition of impairment losses.

Any excess of acquisition cost over the fair value of identifiable net assets and liabilities (goodwill) is recorded as part of the financial investment of jointly controlled companies and subject to impairment testing when there are indicators of loss of value. When the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the income statement in the period in which the acquisition occurs.

Losses in jointly controlled companies, which exceed the investment made in them, are not recognized, except when the Group has entered into undertakings with that entity.

Dividends received from these companies are recorded as a reduction in the value of the financial investments.

### **Associated companies**

An associated company is a company in which the Group exercises significant influence through participation in decisions about its financial and operating policies, but in which does not have control or joint control.



Any excess of the acquisition cost of a financial investment over the fair value of the identifiable net assets is recorded as goodwill and is added to the value of the financial investment and its recovery is reviewed annually or whenever there are indications of possible loss of value. When the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the statement of comprehensive income in the period in which the acquisition occurs.

Financial investments in associated companies (Annex B) are stated by the equity method. Under this method, financial investments are adjusted periodically by an amount corresponding to the share in the net profits of associated companies, as a contra entry in "Losses / (gains) of affiliated companies" in the income statement. Direct changes in the post-acquisition equity of associated companies are recognized as the value of the shareholding as a contra entry in reserves, in equity. Additionally, financial investments may also be adjusted for recognition of impairment losses.

Losses in associated companies, which exceed the investment made in them, are not recognized, except when the Group has entered undertakings with that associated company.

Dividends received from these companies are recorded as a reduction in the value of the financial investments.

#### **Holdings in entities without significant influence**

Investments made by the Group in entities where it does not have significant influence are initially recorded at cost and subsequently measured at fair value through profit or loss.

These investments are presented under "Other financial assets non-current" in the statement of financial position and changes in fair value are recorded against "Net losses / (gains) of affiliated companies" in the income statement.

#### **Balances and transactions between group companies**

Balances and transactions as well as unrealized gains between Group companies, and between them and the parent company, are eliminated in the consolidation.

The part of unrealized gains arising from transactions with associated companies or jointly controlled companies attributable to the Group is eliminated in the consolidation. Unrealized losses are similarly eliminated except when they show evidence of impairment of the transferred asset.

### **2.3. Accounting Policies**

#### **2.3.1. Segment Reporting**

As stipulated in IFRS 8, the Group presents operating segments based on internally produced management information (Note 5).

Operating segments are reported consistently with the internal management information model provided to the chief operating decision maker of the Group, who is responsible for allocating resources to the segment and for assessing its performance, and for taking strategic decisions.

#### **2.3.2. Classification of the statement of financial position and income statement**

The Group presents assets and liabilities in the financial statements based in the current and non-current classification. An asset is classified as current when:

- The asset is expected to be realized, sold or consumed in its normal operational cycle;
- If the asset is held, essentially, for negotiation purposes;
- The asset is expected to be realized 12 months after reported;
- The asset is a cash or a cash equivalent, unless its trade or use is limited to settle a liability during,



at least, 12 months after reporting.

A liability is classified as current when:

- The liability is expected to be settled in its normal operational cycle;
- The liability is held, essentially, for negotiation purposes;
- The liability is expected to be settled in a 12 month period after reported;
- There is no unconditional right to defer the liability settlement during, at least, 12 months after reported;

The remaining assets and liabilities of the Group are classified as non-current.

Realizable assets and liabilities due in less than one year from the date of the statement of financial position are classified as current in assets and liabilities, respectively.

In accordance with IAS 1, "Integration costs", "Losses / (gains) on disposal of assets" and "Other non-recurring costs / (gains)" reflect unusual costs and revenues, that should be disclosed separately from the usual cost and revenues lines, in order to avoid distortion of the financial information from regular operations, and be consistent with the way the group's financial performance is analyzed and monitored by management. These unusual costs and revenues may not be comparable to similarly titled measures used by other companies. When determining whether an event or transaction is unusual, management considers both quantitative and qualitative factors. Examples of unusual costs and revenues are: business restructuring programs and respective compensation; regulatory affairs and lawsuits; extraordinary impairment of assets due to the reduction of their recoverable amount, sale of non current assets, among others. If costs and revenues meet these criteria, which are applied consistently from year to year, they are treated as unusual and presented in the specific lines above.

### **2.3.3. Tangible Assets**

Tangible assets are stated at acquisition cost, less accumulated depreciation and impairment losses, when applicable. Acquisition cost includes, in addition to the purchase price of the asset: (i) costs directly attributable to the purchase; and (ii) the estimated costs of decommissioning and removal of the assets and restoration of the site, which in Group applies to the cinema operation business, telecommunication towers and offices (Note 7).

Estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence are recognized by a deduction, from the corresponding asset as a contra entry in profit and loss. The costs of current maintenance and repairs are recognized as a cost when they are incurred. Significant costs incurred on renovations or improvements to the asset are capitalized and depreciated over the corresponding estimated payback period when it is probable that there will be future economic benefits associated with the asset and when these can be measured reliably.

The gains and losses from the disposal of tangible assets, determined by the difference between the sale value and the net book value, are recognized in the item "Losses/ (gains) on disposal of assets".

#### **Depreciation**

Tangible assets are depreciated from the time they are completed or ready to be used. These assets, less their residual value, are depreciated by the straight-line method, in twelfths, from the month in which they become available for use, according to the useful life of the assets defined as their estimated utility.



The depreciation rates used correspond to the following estimated useful lives:

|                                     | <b>2021<br/>(YEARS)</b> | <b>2022<br/>(YEARS)</b> |
|-------------------------------------|-------------------------|-------------------------|
| Buildings and other constructions   | 2 - 50                  | 2 - 50                  |
| Technical equipment:                |                         |                         |
| Network Installations and equipment | 7 - 40                  | 7 - 40                  |
| Terminal equipment                  | 2 - 8                   | 2 - 8                   |
| Other technical equipment           | 1 - 16                  | 1 - 16                  |
| Transportation equipment            | 3 - 4                   | 3 - 4                   |
| Administrative equipment            | 2 - 10                  | 2 - 10                  |
| Other tangible assets               | 4 - 8                   | 4 - 8                   |

### **2.3.4. Non-current assets held for sale and discontinued operations**

The non-current assets (or discontinued operations) are classified as held for sale if the respective value is realizable through a sale transaction instead of its continued use.

This situation is considered to happen only when: i) the sale is very likely to happen and the asset is immediately available to be sold in its current conditions, ii) the Company made the commitment to sell, and iii) the sale is expected to take place in a period of 12 months. In this case, the non-current assets are measured by the lower amount between accounting value or the respective fair value deducted from the costs of the sale.

The non-current assets held for sale and discontinued operations are measured at the lower of two: i) the accounting value and, ii) the fair value deducted from the costs of the sale. The costs of the sale are the incremental costs directly assigned to the disposal of the asset (or group to be disposed), excluding financial costs and income tax expenses.

From the moment that tangible assets are considered to be "held for sale" the inherent depreciation of those assets ceases, and the assets are determined as non-current asset held for sale.

A discontinued operation unit is a component of an entity that was disposed or is classified as held for sale and:

- Represents an important line of business or geographical area separated from the operational units;
- It is an integral part of a single coordinated plan to dispose an important line of business or geographical area separated from the operational units or;
- It is a subsidiary acquired exclusively for resale.

Discontinued operations are excluded from the continued operations results and are presented in separate as an amount of net income after taxes from discontinued operations on the financial statement of income by nature.

### **2.3.5. Intangible Assets**

Intangible assets are stated at acquisition cost, less accumulated amortization and impairment losses, when applicable. Recognized only when they generate future economic benefits for the Group and when they can be measured reliably.

Intangible assets consist mainly of goodwill, telecom and software licenses, content utilization rights and other contractual rights.

Group companies periodically carry out an impairment assessment of intangible assets in-progress. This impairment assessment is also carried out whenever events or changes in circumstances indicate that the amount at which the asset is recorded may not be recoverable. When such indications exist, the Group



calculates the recoverable value of the asset in order to determine the existence and extent of the impairment loss.

### **Goodwill**

Goodwill represents the excess of acquisition cost over the net fair value of the assets, liabilities, and contingent liabilities of a subsidiary, jointly controlled company or associated company at the acquisition date, in accordance with IFRS 3.

Goodwill is recorded as an asset and included in "Intangible assets" (Note 8) in the case of a controlled company or in the case in which the excess of cost has been originated by a merger, and in "Financial investments in group companies" (Note 11) in the case of a jointly controlled company or an associated company.

Goodwill is not amortised and is subject to impairment tests at least once a year, on a specified date, and whenever there are changes in the test's underlying assumptions at the date of the statement of financial position which may result in a possible loss of value. Any impairment loss is recorded immediately in the income statement in "Impairment losses" and is not liable to subsequent reversal.

For the purposes of impairment tests, goodwill is attributed to the cash-generating units to which it is related (Note 7), which may correspond to the business segments in which the Group operates, or a lower level.

### **Internally generated intangible assets**

Internally generated intangible assets, including expenditure on research, are expensed when they are incurred. Research and development costs are only recognized as assets when the technical capability to complete the intangible asset is demonstrated and when it is available for use or sale.

### **Industrial property and other rights**

Assets classified under this item relate to the rights and licenses acquired under contract by the Group to third parties and used in realizing the Group's activities, and include:

- Telecom licenses;
- Software licenses;
- Content utilization rights;
- Other contractual rights.

The content exploration rights are recorded in the consolidated statement of financial position, as intangible assets, when the following conditions are fulfilled: (i) there is control over the content, (ii) the Company has the right to choose the way to explore the content, and (iii) it is available for exhibition.

The conclusion of contracts relating to sports contents, which are not immediately available, originates rights that are initially classified as contractual commitments.

In the specific case of broadcasting rights of sports competitions, these are recognized as assets when the necessary conditions to organize each sports competition are present, which occurs in the homologation date of the participating teams in the competition that is being held in the sports season to be initiated, by the organizing entity, taking into consideration that it is from that date that the conditions for the recognition of an asset are present, namely, the unequivocal attainment of the exploration rights of the games of the stated season. In this situation, the stated rights are recognized in the income statement in "Depreciation, amortization, and impairment losses", by the linear method, by twelfths, starting from the beginning of the month in which they are available for use.

Resulting from agreements concluded for the cession of the exclusive rights to exploit sports content, and as it is permitted by IAS 1, since 2017, NOS presents the net assets and liabilities of the values ceded to other operators, considering that this compensation best reflects the substance of the transactions.

When the recognized intangible assets involve payments in periods above 1 year, the intangible asset corresponds to the present value of those payments.



## Amortization

The useful lives of the intangible assets are classified as finite or indefinite.

Intangible assets with finite useful lives are amortised over their useful lives, with an impairment analysis carried out whenever there are indications that the amount at which the intangible asset is mentioned in the financial statements may not be recovered. The amortization period and the amortization method of an intangible asset with a finite useful life are reviewed periodically. Any changes in the expected useful life or in the expected pattern of future consumption of the economic benefits incorporated in the asset, are considered in the modification over the period or method of amortization and, if verified, are treated as changes in accounting estimates. The amortization costs of intangible assets with finite lives are recognized in the income statement.

The assets with finite useful life are amortised by the straight-line method, in twelfths, from the beginning of the month in which they become available for use.

The amortization rates used correspond to the following estimated useful lives:

|                            | 2021<br>(YEARS)        | 2022<br>(YEARS)        |
|----------------------------|------------------------|------------------------|
| Telecom licences           | 30 - 33                | 20 - 33                |
| Software licences          | 1 - 8                  | 1 - 8                  |
| Content utilization rights | Period of the contract | Period of the contract |
| Other                      | 1 to 20                | 1 to 20                |

The intangible assets with indefinite useful lives are not amortised, and impairment assessments are performed annually.

Accordingly, the useful life of an intangible asset that is not being amortised is periodically reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If not, the change in the assessment of the useful life from indefinite to finite is accounted for as a change in an accounting estimate.

An intangible asset is unrecognized in its disposal moment, or when no future economic benefits from its use or disposal are expected. The gain or loss related with an unrecognized intangible asset (determined as the difference between the net income of its disposal, if there is any, and the carrying amount of that same asset) is recognised in the financial statement of income by nature.

### 2.3.6. Contract Costs

This item corresponds to costs incurred in attracting customers and costs associated with fulfilling a contract that are capitalized whenever they meet all of the following criteria:

- they are related to an existing contract or a specific future contract;
- generate or increase resources that will be used in the future;
- costs are expected to be recovered; and
- they are not already covered by the scope of another standard, such as inventories, tangible or intangible assets.

These costs are recognised for the period expected to fulfill the contract (2 to 4 years).

The costs of attracting customers are essentially:

- Commissions paid to third parties with the acquisition of new contracts / new customers;
- Commissions paid to third parties for upgrading the services provided;
- Commissions paid to third parties for renewal of loyalty of services and offers to customers; and



- Several commissions with revenue collection.

The costs associated with fulfilling the contracts are essentially:

- Costs incurred with the portability of mobile / fixed numbers of other operators;
- Variable costs, variables, incurred with the activation of services contracted by customers.

### **2.3.7. Impairment of non-current assets, excluding goodwill**

Group companies periodically carry out an impairment assessment of non-current assets. This impairment assessment is also carried out whenever events or changes in circumstances indicate that the amount at which the asset is recorded may not be recoverable. When such indications exist, the Group calculates the recoverable value of the asset to determine the existence and extent of the impairment loss.

The recoverable value is estimated for each asset individually or, if that is not possible, assets are grouped at the lowest levels for which there are identifiable cash flows to the cash-generating unit to which the asset belongs. Each of the Group's businesses is a cash-generating unit, except for the assets allocated to the cinema exhibition business, which are grouped into regional cash-generating units.

The recoverable amount is calculated as the higher of the net sale price and the current use value. The net sale price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, less the costs directly attributable to the sale. The current use value is the current value of the estimated future cash flows resulting from continued use of the asset or of the cash-generating unit. When the amount at which the asset is recorded exceeds its recoverable value, it is recognised as an impairment loss.

The reversal of impairment losses recognised in previous years is recorded when there are indications that these losses no longer exist or have decreased. The reversal of impairment losses is recognised in the statement of comprehensive income in the year in which it occurs. However, an impairment loss can only be reversed up to the amount that would be recognised (net of amortization or depreciation) if no impairment loss had been recorded in previous years.

### **2.3.8. Financial Assets**

Financial assets are recognised in the statement of financial position of the Group on the trade or contract date, which is the date on which the Group undertakes to purchase or sell the asset.

Initially, apart from commercial accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through income in which transaction costs are immediately recognised in income. Trade accounts receivable, at the initial time, are recognised at their transaction price, as defined in IFRS 15.

The financial assets are derecognised when:

- the Group's contractual rights to receive their cash flows expire;
- the Group has substantially transferred all the risks and benefits associated with their ownership; or
- although it retains part but not substantially all of the risks and benefits associated with their ownership, the Group has transferred control of the assets.

The financial assets and liabilities are offset and shown as a net value when, and only when, the Group has the right to offset the recognised amounts and intends to settle for the net value.

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.



### **Financial assets at fair value through profit and loss**

This category includes financial derivatives and equity instruments that the Group has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

Financial assets at fair value through results are presented in the financial statements at fair value, the net changes being known in the income statement. This category of assets includes derivative instruments and investments in listed companies for which the Company has not classified them as financial assets at fair value through other comprehensive income. Dividends from investments in listed companies are recognised as income in the income statement when the respective right of receipt is formalized.

Gains and losses resulting from changes in the fair value of assets measured at fair value through profit or loss are recognised in results in the year in which they occur under "Losses / (gains) on financial assets", including the income from interest and dividends.

### **Financial assets at fair value through other comprehensive income**

Financial assets measured at fair value through other comprehensive income are those that are part of a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, being that these contractual cash flows are only capital and interest reimbursement on the capital in debt.

### **Financial assets measured at amortised cost**

Financial assets measured at amortised cost are those that are included in a business model whose purpose is to hold financial assets in order to receive the contractual cashflows, being that these contractual cash flows are only capital reimbursement and interest payments on the capital in debt.

Financial assets measured at amortised cost are subsequently measured using the effective tax rate method and subject to impairment. Income and costs are recognised in the income statement when the asset is derecognised, updated or an impairment is recognised over it. Financial assets measured at the Company's amortised cost include accounts receivable and loans granted to related parties.

### **Cash and cash equivalents**

The amounts included in "Cash and cash equivalents" correspond to the amounts of cash, bank deposits, term deposits and other investments with maturities of less than three months which may be immediately realisable and with a negligible risk of change of value.

For the purposes of the statement of cash flows, "Cash and cash equivalents" also includes bank overdrafts included in the statement of financial position under "Borrowings" (when applicable).

## **2.3.9. Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to their contractual substance irrespective of their legal form. Equity instruments are contracts that show a residual interest in the Group's assets after deducting the liabilities. The equity instruments issued by Group companies are recorded at the amount received, net of the costs incurred in their issue. Financial liabilities are recognised only when extinguished, i.e. when the obligation is settled, cancelled, or extinguished.

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;
- Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when it is applied the continued involvement approach;
- Financial guarantee contracts;
- The commitments to grant a loan at a lower interest rate than the market;



- The recognised contingent consideration by a buyer in a concentration of business activities to which IFRS 3 applies. Such contingent consideration shall be subsequently measured at fair value, with changes recognised in profit or loss.

Financial liabilities of the Group include borrowings, accounts payable and derivative financial instruments.

### **2.3.10. Impairment of financial assets**

At the date of each financial position statement, the Group analyses and recognizes expected losses on its debt securities, loans and accounts receivable. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognize expected credit losses over the respective duration of financial instruments that have undergone significant increases in credit risk since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the Group measures the provision for losses relating to that financial instrument by an amount equivalent to the expected credit losses within a period of 12 months.

For receivables and assets resulting from contracts under IFRS 15, the Group adopts the simplified approach when calculating expected credit losses. As a result, the Group does not monitor changes in credit risk, recognizing instead impairment losses based on the expected credit loss on each reporting date. The Group established a provisions' matrix where it presents an impairment loss criterion based on the history of credit losses, adjusted by specific prospective factors for the clients and the economic environment.

### **2.3.11. Derivative financial instruments**

#### **Initial and subsequent recognition**

The Group uses derivative financial instruments, such as exchange rate forward contracts, interest rate swaps, to cover its exchange rate risks, interest, respectively. Such derivative financial instruments are initially recorded at fair value on the date the derivative is contracted and are subsequently measured at fair value. Derivatives are presented in assets when their fair value is positive and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge when the purpose is to hedge the exposure to fair value changes of a registered asset or liability or an unregistered Groups' commitment;
- Cash flow hedge when the purpose is to hedge the exposure to cash flow variability arising from a specific risk associated with the whole or a component of a registered asset or liability or an anticipated highly probable occurrence or exchange risk associated with an unregistered Groups' commitment;
- Coverage of a net investment in a foreign operational unit.

NOS Group uses derivative financial instruments with fair value and cash flow hedges.

At the beginning of the hedge relationship, the Group formally designates and documents the hedging relationship for which hedge accounting is intended to apply as well as the management and strategy purpose of such hedge.

The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:



- There is an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group actually uses to hedges that quantity of hedged item.

Hedges that meet all the quantifying criteria for hedge accounting are accounted for, as described below:

#### **Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

#### **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward contracts of:

- currency contracts for its exposure to foreign currency risk in forecast transactions and firm commitments;
- interest rates to cover the risk of volatility of the interest rates;
- own shares contracts for its exposure to volatility in own shares to be distributed within the scope of share incentive scheme.

The ineffective portion relating to foreign currency contracts is recognised as "Net foreign exchange losses/(gains)", the ineffective portion relating to interest rates is recognised as "Financial costs" and the ineffective portion relating to own shares contracts is recognised as "Wages and salaries".

On the quarter ended on 31 March 2022, the Group did not change the recognition method.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a Group's commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be



immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

### **2.3.12. Inventories**

Inventories, which mainly include mobile phones, customer terminal equipment, DVDs, and content broadcasting rights, are valued at the lower of their cost or net realizable value.

The acquisition cost includes the invoice price, freight, and insurance costs, using the Weighted Average Cost as the method of costing goods sold.

Inventories are adjusted for technological obsolescence, as well as for the difference between the purchase cost and the net realizable value, whichever is the lower, and this reduction is recognised directly in the income statement.

The net realizable value corresponds to the normal sale price less restocking costs and selling costs.

The differences between the cost and the corresponding net realizable value of inventories, when this is less than the cost, are recorded as operating costs in "Cost of goods sold".

Inventories in transit, since they are not available for consumption or sale, are separated out from other inventories and are valued at their specific acquisition cost.

The signing of contracts related with sports content originates rights that are initially classified as contractual commitments.

The content broadcasting rights are recorded in the consolidated statement of financial position, as Inventories, in the event of the nonexistence of full right over the way of exploration of the asset, by the respective value of cost or net realizable value, whenever it is lower, when programmatic content has been received and is available for exhibition or use, according to contractual conditions, without any production or change, given that the necessary conditions for the organization of each sports competition are present, which occurs in the homologation date of the participating teams in the competition that is being held in the sports season to be initiated, by the organizing entity. The stated rights are recognised in the income statement in "Direct costs: Exhibition costs", on a systematic basis given the pattern of economic benefits obtained through their commercial exploration. No balances of content rights are registered in the Inventories caption.

Due to the agreement between the three national operators of reciprocal availability, for several sports seasons "collaborative arrangement", of sports content (national and international) owned by them, (Note 42.2), NOS considered the recognition of the costs, excluding those divided by the remaining operators, on a systematic basis, given the pattern of economic benefits obtained through their commercial exploration.

### **2.3.13. Subsidies**

Subsidies are recognised at their fair value when there is a reasonable assurance that they will be received and Group companies will meet the requirements for their award.

Operating subsidies, mainly for employee training, are recognised in the statement of comprehensive income by deduction from the corresponding costs incurred.

Investment subsidies are recognised in the statement of financial position as deferred income.

If the subsidy is considered as deferred income, it is recognised as income on a systematic and rational basis during the useful life of the asset.



### **2.3.14. Provisions and contingent liabilities**

Provisions are recognised when:

- there is a present obligation arising from past events and it is likely that in settling that obligation, the expenditure of internal resources will be necessary; and
- the amount or value of such obligation can be reasonably estimated.

When one of the above conditions is not met, the Group discloses the events as a contingent liability unless the likelihood of an outflow of funds resulting from this contingency is remote, in which case they are not disclosed.

Provisions for legal procedures taking place against the Group are made in accordance with the risk assessments carried out by the Group and by their legal advisers, based on success rates.

Provisions for restructuring are only recognised when the Group has a detailed, formal plan, which identify the main features of the restructuring program, and after these facts have been reported to the entities involved.

Provisions for dismantling costs, removal of assets and restoration of the site are recognised when the assets are installed, in line with the best estimates available at that date. The amount of the provisioned liability reflects the effects of the passage of time and the corresponding financial indexing is recognised in results as a financial cost.

Obligations that result from onerous contracts are registered and measured as provisions. There is an onerous contract when the Company is an integral part of a contract, which entail costs exceed the economic future economic benefits.

Provisions for potential future operating losses are not covered.

Contingent liabilities are not recognised in the financial statements, unless the exception provided under IFRS 3 business combination, and are disclosed whenever there is a good chance to shed resources including economic benefits. Contingent assets are not recognised in the financial statements, being disclosed when there is a likelihood of a future influx of financial resources.

Provisions are reviewed and brought up to date at the date of the statement of financial position to reflect the best estimate at that time of the obligation concerned.

### **2.3.15. Rights of use and Leases**

A lease is defined as a contract, or part of a contract, that transfers the right to use a good (the underlying asset) for a period in exchange for a value.

At the beginning of each contract, it is evaluated and identified if it is or contains a lease. This assessment involves an exercise of judgement as to whether each contract depends on a specific asset if NOS obtains substantially all the economic benefits from the use of that asset and whether NOS has the right to control the use of the asset.

All contracts that constitute a lease are accounted for based on the on-balance model in a similar way with the treatment that IAS 17 establishes for financial leases.

At the commencement date of the lease, NOS recognizes the liability related to lease payments (lease liability) and the asset representing the right to use the underlying asset during the lease period (the right of use or "ROU").

The cost of interest on the lease liability and the depreciation of the ROU are recognised separately.

Lease liability is remeasured at the occurrence of certain events (such as a change in the lease period, a change in future payments that result from a change in the reference rate or rate used to determine such payments). This remeasurement of the lease liability is recognised as an adjustment in the ROU.

The estimated costs of dismantling, removal of assets and restoration of the site related with leases are



recognised in tangible assets with works carried out (Note 2.3.3).

### **2.3.15.1 Rights of use of assets**

The Group recognizes the right to use the assets at the start date of the lease (that is, the date on which the underlying asset is available for use).

The right to use the assets is recorded at acquisition cost, deducted from accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the ROU of the assets includes the recognised amount of the lease liability, any direct costs incurred initially and payments already made prior to the initial rental date, less any incentives received.

Unless it is reasonably certain that the Group obtains ownership of the leased asset at the end of the lease term, the recognised right of use of the assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the term of the lease.

Rights of use are subject to impairment.

The rights of used of assets are depreciated using the straight-line method by the shortest period between length of the contract and its expected useful life.

If at the end of the leasing contract the asset is transferred to the company, or if the cost reflects the possibility of exercising the call option, the depreciation is calculated according to the estimated useful life of the asset.

### **2.3.15.2 Liabilities with leases**

At the start date of the lease, the Group recognizes the liabilities measured at the present value of the future payments to be made until the end of the lease.

Lease payments include fixed payments (including fixed payments on the substance), deducted of any incentives to be received, variable payments, dependent on an index or rate, and expected amounts to be paid under residual value guarantees. The lease payments also include the exercise price of a call option if it is reasonably certain that the Group will exercise the option, and penalties for termination of the lease if it is reasonably certain that the Group will terminate the lease.

Variable payments that do not depend on an index or a rate are recognised as an expense in the period in which the event giving rise to them occurs.

To calculate the present value of the lease payments, the Group uses the incremental loan rate at the start date of the lease if the implied interest rate is not readily determinable.

After the start date of the lease, the value of the lease liability is increased to reflect the increase in interest and reduces by the payments made. In addition, the book value of the lease liability is remeasured if there is a change, such as a change in the lease term, fixed payments or the purchase decision of the underlying asset.

### **2.3.16 Income Tax**

NOS is covered by the special tax regime for groups of companies, which covers all the companies in which it directly or indirectly owns at least 75% of the share capital and which simultaneously are resident in Portugal and subject to Corporate Income Tax (IRC).

The remaining subsidiaries not covered by the special tax regime for groups of companies are taxed individually based on their respective taxable incomes and the applicable tax rates.

Income tax is stated in accordance with the IAS 12 criteria. In calculating the cost relating to income tax for the period, in addition to current tax, allowance is also made for the effect of deferred tax calculated in accordance with the liability method, taking into account the temporary differences resulting from the difference between the tax basis of assets and liabilities and their values as stated in the consolidated financial statements, and the tax losses carried forward at the date of the statement of financial position. The deferred income tax assets



and liabilities were calculated based on the tax legislation currently in force or of legislation already published for future application.

Deferred income tax assets are recognised for all the deductible temporary differences until it is likely that a taxable profit is obtained to which the deductible temporary difference may be used, unless the deferred income tax asset results from the initial recognition of an asset or liability in a transaction which:

- Is not a concentration of business activities;
- At the moment of the transaction, it does not affect neither the accounting profit nor the taxable profit (fiscal loss);
- With respect to deductible temporary differences arising from investments in subsidiaries, branches and associates and interests in joint arrangements, deferred income tax assets are recognised only to the extent that the temporary difference will revert in the foreseeable future and taxable profit against which the temporary difference can be used will be available.

As stipulated in the above standard, deferred income tax assets are recognised only when there is reasonable assurance that these may be used to reduce future taxable profit, or when there are deferred income tax liabilities whose reversal is expected to occur in the same period in which the deferred income tax assets are reversed. At the end of each period an assessment is made of deferred income tax assets, and these are adjusted in line with the likelihood of their future use.

The amount of tax to be included, either in current tax or in deferred tax resulting from transactions or events recognised in equity accounts, is recorded directly under those items and does not affect the results for the period.

In a business combination, the deferred tax benefits acquired are recognised as follows:

- The deferred tax benefits acquired recognised in the measurement period of one year after the date of merger and that result from new information about facts and circumstances that existed at the date of acquisition are recorded against the goodwill-carrying amount related to the acquisition. If the goodwill-carrying amount is null, any remaining deferred tax benefits are recognised in the income statement.
- All the other acquired deferred tax benefits performed are recognised in the income statement (when applicable, directly in shareholders' equity).

### **2.3.17 Payment based in shares**

The benefits granted to employees under share purchase or share option incentive plans are recorded in accordance with the requirements of IFRS 2 – Share-based payments.

In accordance with IFRS 2, since it is not possible to reliably estimate the fair value of the services received from employees, their value is measured by reference to the fair value of equity instruments in accordance with their share price at the grant date.

The cost is recognised, linearly over the period in which the service is provided by employees, under the caption "Wages and salaries" in the income statement, with the corresponding increase in "Other reserves" in equity.

The accumulated cost recognised at the date of each statement of financial position up to the vesting reflects the best estimate of the number of own shares that will be vested, weighted by the time elapse between the grant and the vesting. The impact on the income statement each year corresponds to the accumulated cost valuation between the beginning and the end of the year.

In turn, benefits granted based on shares but paid in cash lead to the recognition of a liability valued at fair value at the date of the statement of financial position.



## 2.3.18 Equity

### Share issue premiums

Issue of shares corresponds to premiums from the issuance or capital increases. According to Portuguese law, share premiums follow the treatment given to the "Legal reserve", that is, the values are not distributable, except in case of liquidation, but can be used to absorb losses after having exhausted all other reserves and to increase share capital.

### Own shares

The own shares are recorded at acquisition cost as a deduction from equity. Gains or losses on the sale of own shares are recorded under "Other reserves".

### Legal reserve

Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve until it represents at least 20% of the share capital. This reserve is not distributable, except in case of liquidation, but can be used to absorb losses, after having exhausted all other reserves and to increase share capital.

### Other reserves and accumulated earnings

#### Reserves for plans of medium term incentive

According to IFRS 2 - "Share-based payments", the responsibility with the medium-term incentive plans settled by delivery of own shares is recorded as credit under "Reservations for mid-term incentive plans" and such reserve is not likely to be distributed or used to absorb losses.

#### Hedging reserves

Hedging reserve reflects the changes in fair value of derivative financial instruments as cash flow hedges that are considered effective, and they are not likely to be distributed or be used to absorb losses.

#### Own shares reserves

The "Own shares reserves" reflect the value of the shares acquired and follows the same legal regime as the legal reserve. Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of the company prepared in accordance with IFRS. In addition, the increases resulting from the application of fair value through equity components, including its application through the net profit can only be distributed when the elements that originated them are sold, exercised liquidated or when the end their use, in the case of tangible assets or intangible assets.

#### Other reserves and Retained results

This item includes the results available for distribution to shareholders and earnings per fair value in financial instruments increases, financial investments and investment properties, which, in accordance with paragraph 2 of article 32 of the CSC, will only be available for distribution when the elements or rights that originated them are sold, exercised, terminated, or settled.

#### Dividends

The company recognizes the liability, as well as its impact over the equity, associated with the responsibility to distribute dividends when it is approved by the shareholders.



### 2.3.19 Revenue

The main types of revenue of NOS subsidiaries are as follows:

- Revenues of Communications Services:

Cable television, fixed broadband and fixed voice: The revenues from services provided using the fibre optic cable network result from:

- basic channel subscription packages that can be sold in a bundle with fixed broadband/fixed voice services;
- premium channel subscription packages and S-VOD;
- terminal equipment rental;
- consumption of content (VOD);
- traffic and voice termination;
- service activation;
- sale of equipment, licensing and others; and
- other additional services (ex: firewall, antivirus).

Satellite television: Revenues from the satellite television service mainly result from:

- basic and premium channel subscription packages;
- equipment rental;
- consumption of content (VOD);
- service activation; and
- sale of equipment.

Mobile broadband and voice services: Revenues from mobile broadband Internet access services and mobile voice services result mainly from monthly subscriptions and/or usage of the Internet and voice service, as well as the traffic associated with the type chosen by the client.

- Advertising revenue: Advertising revenues mainly derive from the attraction of advertising for Pay TV channels to which the Group has publicity rights and in cinemas. These revenues are recognised from when they are received, taken off any discounts given.
- Film showings and distribution: Distribution revenue pertains to the distribution of films to film exhibitors not distributed by the Group, that are included in the film showings, whilst income from film showings mostly derive from cinema ticket sales and the product sales in the bars; the film showings revenue includes the revenue from ticket sales and bar sales respectively.
- Revenue from distributing channel content: Revenue from distribution essentially includes the sale of DVDs, the sale of content and the distribution of television channels subscriptions to third parties and count from the time at which they are sold, shown, and made available for distribution to telecommunications operators, respectively. The television channels distribution by subscription to third parties consists in the transmission and retransmission of information, including, namely, the distribution of television emissions and radio broadcasting, owned and third party owned, codified or not, as well as the addressed nature rendered services and data transmission. NOS is leading these activities since it: controls the channel exhibition, in its package of products disposes the power of pricing, the retribution corresponds to the service price and not to a mere commission and it is exposed to the credit risk of its customers.
- Consultancy and datacenter management: information systems consultancy and datacenter management are the major services rendered by NOS Sistemas.
- Insurance brokerage commissions: income from insurance sales commissions is obtained by NOS Mediação de Seguros.



The Group's revenue is based on the five-step model established by IFRS 15:

- Identification of the contract with the customer;
- Identification of performance obligations;
- Determining the price of the transaction;
- Allocation of the price of the transaction to the performance obligations; and
- Recognition of revenue.

Thus, at the beginning of each contract, the NOS Group evaluates the promised goods or services and identifies, as a performance obligation, every promise of transfer to the customer of any distinct good or service (or package of goods or services). These promises in customer contracts may be express or implied, provided such promises create a valid expectation in the client that the entity will transfer a good or service to the customer, based on the entity's published policies, specific statements or usual business practices.

The NOS Group has internally defined that a performance obligation corresponds to the promise of delivery of a good or service that can be used in an isolated/separated way by the customer and on which there is a clear perception of this good or service by the customer among the available in each contract.

The main performance obligations are summarized as Sales of Mobile Phones, Telephones, Hotspots, DVD's, Movie Tickets, Licensing and Other Equipment and the Services Rendered of Mobile Internet Services, Fixed Internet, Mobile Phone, Landline Phone, Television, Consulting, Cloud/IT Services, distribution of audio-visual rights among others.

The provision of Set-top-boxes, routers, modems and other terminal equipment at the customers' home and respective installation and activation services were considered by the group as not corresponding to a performance obligation, since they are necessary actions to fulfil the promised performance obligation.

In determining and allocating the transaction price of each performance obligation, NOS used stand-alone prices of the promised products and services at the time of entering into the agreement with the customer to distribute the amount expected to be received under the contract.

The recognition of revenue occurs at the time of performance of each performance obligation.

Revenue from selling equipment is included when the buyer takes on the risks and advantages of taking possession of goods and the value of the benefits are reasonably quantified.

Revenue from telecom services subscriptions (TV, internet, mobile and fixed voice services bundle subscription, individually or as a bundle) is recognised linearly over the subscription period.

Revenue from equipment rental is recognised linearly over the rental agreement, except in the case of instalment sales, which are accounted as credit sales.

The Group attributes to its customers loyalty points in each call or recharge, that might be exchanged, over a limited period, for discounts in equipment purchase.

In each reporting period, NOS recognizes the current liability with discounts to be awarded in the future. This responsibility is calculated based on the amount of points awarded and not yet used, discounted from the estimate of points that will not be used (based on the history of use) and valued based on the offer available at each time for the use of points (specific catalog).

The recognition of liability configures a deferred income (until the date on which the points are definitively converted into benefits), which is recognised at the time of the use of the discount, as a revenue accrual.

Revenue related with traffic, roaming, data usage, audiovisual content, and others is recognised when the service is rendered. The Group also offers various personalised solutions, particularly to its corporate customers in telecom management, access, voice, and data transmission services. These personalised solutions are also recognised when the service is rendered.

Unless demanded or allowed by IFRS, the compensation of revenues and costs is not performed, namely, when it reflects the nature of the transaction or other event.



The compensation of revenues and costs is performed in the following situations:

- When the gross inflows from economic benefits do not result in equity increases to the Group, i.e., the amount charged to the customer is equal to the amount delivered to the partner. This situation is applicable to the revenue obtained by the invoicing special services operators, in these cases the amounts charged on account of the capital are not revenue; and,
- When the counterpart is not a "customer" but a partner who shares the risks and benefits of developing a product or services in order for it to be commercialised. Thus, a counterpart of a contract will not be a customer if, for instance, the counterpart has hired from NOS to participate in an activity or process in which the parties in the contract share the risks and benefits instead of obtaining the Group's ordinary activities result. These cases are designated collaborative arrangements. This situation is applicable to revenues from operators affected by the reciprocal availability agreement regarding broadcasting rights of sports content.

Discounts granted to customers related with loyalty programmes are allocated to the entire retention contract to which the customer is committed to. Therefore, the discount is recognised as the goods and services made available to the customer.

Amounts that have not been invoiced for are included based on estimates. The differences between the estimated amounts and the actual amounts, which are normally immaterial, are recorded in the next financial year.

The revenue from penalties is recognised in the "Other income" item upon receival.

Interest revenue is recognised using the effective interest method, only when they generate future economic benefits for the Group and when they can be measured reliably.

### **2.3.20 Accruals**

Group's revenues and costs are recognised in accordance with the accrual's principle, under which they are recognised as they are generated or incurred, regardless of when they are received or paid.

The costs and revenues related to the current period and whose expenses and income will only occur in future periods are registered under "Accounts receivable – trade", "Accounts receivable – other", "Prepaid expenses", "Accrued expenses" and "Deferred income", as well as the expenses and income that have already occurred that relate to future periods, which will be recognised in each of those periods, for the corresponding amount.

The costs related to the current period and whose expenses will only occur in that future periods are registered under "Accrued expenses" when it is possible to estimate with certainty the related amount, as well as the timing of the expense's materialization. If uncertainty exists related to any of these aspects, the value is classified as Provisions (Note 2.3.14).

### **2.3.21 Assets, liabilities and transactions in foreign currencies**

Transactions in foreign currencies are converted into the functional currency at the exchange rate on the transactions dates. On each accounting date, outstanding balances (monetary items) are updated by applying the exchange rate prevailing on that date. The exchange rate differences in this update are recognised in the income statement for the year in which they were calculated in the item "Losses / (gains) on exchange variations". Exchange rate variations generated on monetary items, which constitute enlargement of the investment denominated in the functional currency of the Group or of the subsidiary in question, are recognised in equity. Exchange rate differences on non-monetary items are classified in "Other reserves" in equity.

The financial statements of subsidiaries denominated in foreign currencies are converted at the following exchange rates:

- The exchange rate obtaining on the date of the statement of financial position for the conversion of assets and liabilities;



- The average exchange rate in the period for the conversion of items in the income statement, apart from cases of affiliated companies that are in a hyperinflationary economy;
- The average exchange rate in the period, for the conversion of cash flows (in cases where the exchange rate approximates to the real rate, and for the remaining cash flows the rate of exchange at the date of the operations is used), apart from cases of affiliated companies that are in a hyperinflationary economy;
- The historical exchange rate for the conversion of equity accounts.

Exchange differences arising from the conversion into euros of the financial statements of subsidiaries denominated in foreign currencies are included in equity under "Other reserves".

In the last quarter of 2017, the Angolan economy was considered a hyperinflationary economy according to IAS 29 - Financial Reporting in Hyperinflationary Economies.

This standard requires that the financial statements prepared in the currency of a hyperinflationary must be expressed in terms of the current measurement unit at the financial statements' preparation date.

In summary, the general aspects that must be considered for the restatement of the individual financial statements are the following ones:

- The monetary assets and liabilities are not amended because they are already updated to the current unit at the financial statements date;
- The non-monetary assets and liabilities (that are still not expressed in terms of the current unit at the financial statements) are restated by the application of an index;
- The effect of the inflation on the net monetary position of the subsidiaries companies is reflected in the income statement as a loss in the net monetary position.

Additionally, according to IAS 21, the restatement of the consolidated financial statements is prohibited when the parent company does not operate in a hyperinflationary economy.

The conversion coefficient that was used for the restatement of the individual financial statements of the subsidiaries in Angola was the Consumer Price Index (CPI), issued by the National Bank of Angola.

In the last quarter of 2019, the Angolan economy was no longer considered a hyperinflationary economy.

IAS 29 - Financial Reporting in Hyperinflationary Economies provides that "when an economy ceases to be hyperinflationary, the company should treat the amounts expressed in the current unit of measurement at the end of the previous reporting period, as the basis for the carrying amounts in its statements subsequent financial statements". In this way, the adjustments / revaluations, carried out until the end of the classification as a hyperinflationary economy, are treated as a deemed cost and recognised in the same proportion as the assets that gave rise to it.

At 31 December 2021 and 31 March 2022, assets and liabilities expressed in foreign currencies were converted into euros using the following exchange rates of such currencies against the euro, as published by the Bank of Portugal:

|                    | 31-12-2021 | 31-03-2022 |
|--------------------|------------|------------|
| US Dollar          | 1.1326     | 1.1101     |
| Angolan Kwanza     | 635.7510   | 488.6050   |
| British Pound      | 0.8403     | 0.8460     |
| Mozambican Metical | 71.5800    | 70.1600    |
| Canadian Dollar    | 1.4393     | 1.3896     |
| Swiss Franc        | 1.0331     | 1.0267     |
| Real               | 6.3101     | 5.3009     |

In the quarters ended on 31 March 2021 and 2022, the income statements of subsidiaries expressed in foreign currencies were converted to euros at the average exchange rates of the currencies of their countries of origin



against the euro. The average exchange rates used are as follows:

|                    | 3M 21    | 3M 22    |
|--------------------|----------|----------|
| Angolan Kwanza     | 760.1115 | 543.2726 |
| Mozambican Metical | 86.2800  | 70.4833  |

### **2.3.22 Financial charges and borrowings**

Financial charges related to borrowings are recognised as costs in accordance with the accrual's principle, except in the case of loans incurred (whether these are generic or specific) for the acquisition, construction or production of an asset that takes a substantial period (over one year) to be ready for use, which are capitalized in the acquisition cost of that asset. Costs from capitalized borrowings are determined having in consideration the amount of borrowing costs obtained that can be capitalized, according to the application of a capitalization rate over the expenses associated with that asset. The capitalization rate (aligned with NOS average financing rate) as well as with the costs to be capitalized are determined monthly, taking into consideration the monthly balance of eligible borrowings and the monthly amount of the asset in progress that qualifies.

### **2.3.23 Investment property**

Investment property mainly includes buildings held to generate rents rather than for use in the production or supply of goods or services, or for administrative purposes, or for sale in the ordinary course of business. These are measured initially at cost.

Subsequently, the Group uses the cost model for the valuation of investment property since use of the fair value model would not result in material differences.

An investment property is eliminated from the statement of financial position on disposal or when the investment property is taken permanently out of use and no financial benefit is expected from its disposal.

### **2.3.24 Fair value measurement**

The Group measures part of the financial assets, such as financial assets available for sale, and some of its non-financial assets, at fair value on the date of the financial statements.

The fair value measurement assumes that the asset or liability is exchanged in an orderly transaction among market participants to sell the asset or transfer the liability at the measurement date under current market conditions. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability may occur:

- On the main market of the assets and liabilities, or
- In the absence of a primary market, it is assumed that the transaction occurs in the most advantageous market. This is what maximizes the amount that would be received for selling asset or minimizes the amount that would be paid to transfer the liability, after considering transaction costs and transport costs.

Since different entities and businesses within a single entity can have access to different markets, the main or most advantageous market for the same asset or liability can vary from one entity to another, or even between businesses within the same entity, but it is assumed that they are accessible to the Group.

The fair value measurement uses assumptions that market participant's use in defining price of the asset or liability, assuming that market participants would use the asset to maximize its value.

The Group uses valuation techniques appropriate to the circumstances whenever there is information to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of



unobservable inputs.

All assets and liabilities measured at fair value or of which disclosure is mandatory, are rated on a fair value hierarchy, which ranks data in three levels to be used in the measurement at fair value, and detailed below:

- Level 1 – Listed and unadjusted market prices, in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - valuation techniques using inputs that aren't quoted, but which are directly or indirectly observable;
- Level 3 - valuation techniques using inputs not based on observable market data, based on unobservable inputs.

The fair value measurement is classified in the same fair value hierarchy level at the lowest level of input, which is significant to the measurement as a whole.

### **2.3.25 Assets and liabilities offsetting**

Financial assets and liabilities are offset and presented at the net amount when, and only when, the Group has the right to offset the recognised amounts and intends to settle for the net amount.

### **2.3.26 Employee benefits**

Personnel expenses are recognised when the service is rendered by employees independently of their date of payment. Here are some specificities:

- Termination of employment. The benefits for termination of employment are due for payment when there is cessation of employment before the normal retirement date or when an employee voluntarily accepts to leave in exchange of these benefits. The Group recognizes these benefits when it can be shown to be committed to a termination of current employees according to a detailed formal plan for termination and there is no realistic possibility of withdrawal or these benefits are granted to encourage voluntary redundancy. When the benefits of cessation of employment are due more than 12 months after the balance sheet date, they are updated to their present value.
- Holiday, holiday allowances, and bonuses. According to the labor law, employees are entitled to 22 days annual leave, as well as one month of holiday allowances, rights acquired in the year preceding payment. These liabilities of the Group are recorded when incurred, independently of the moment of payment, and are reflected under the item "Accounts payable and other".
- Labor Compensation Fund (FCT) and the Labor Compensation Guarantee Fund (FGCT). Based on the publication of Law No. 70/2013 and subsequent regulation by Order No. 294-A / 2013, entered into force on 1 October the Labor Compensation Fund schemes (FCT) and the Guarantee Fund Compensation of Labor (FGCT). In this context, companies that hire a new employee are required to deduct a percentage of the respective salary for these two new funds (0.925% to 0.075% and the FCT for FGCT), in order to ensure, in the future, the partial payment the compensation for dismissal. Considering the characteristics of each Fund, the following is considered:
  - The monthly deliveries to FGCT, made by the employer are recognised as expense in the period to which they relate.
  - The monthly deliveries to FCT, made by the employer are recognised as a financial asset, in the caption "Other non-current financial assets" of the entity, measured at fair value with changes recognised in the respective results.



### **2.3.27 Statement of cash flows**

The statement of cash flows is prepared in accordance with the direct method. The Group classifies under "Cash and cash equivalents" the assets with maturities of less than three months and for which the risk of change in value is negligible. For purposes of the statement of cash flows, the balance of cash and cash equivalents also include bank overdrafts included in the statement of financial position under "Borrowings".

The statement of cash flows is divided into operating, investing, and financing activities.

Operating activities include cash received from customers and payments to suppliers, staff and others related to operating activities. Under "Other cash receipts / (payments) related with operating activity" includes the amount received and subsequent payments related to assignments without recourse, coordinated by the Banco Comercial Português and Caixa Geral de Depósitos, and these operations do not involve any change in the accounting treatment of the underlying receivables or in the relationship with their clients.

The cash flows included in investing activities include acquisitions and disposals of investments in subsidiaries and cash received and payments arising from the purchase and sale of tangible and intangible assets, amongst others.

Financing activities include cash received and payments relating to borrowings, the payment of interest and similar costs, finance leases, the purchase and sale of own shares and the payment of dividends.

### **2.3.28 Subsequent events**

Events occurring after the date of the statement of financial position, which provide additional information about conditions that existed at that date, are considered in the preparation of financial statements of the quarter.

Events occurring after the date of the statement of financial position, which provide information on conditions that occur after that date, are disclosed in the notes to the financial statements, when they are materially relevant.

## **3. Judgements and estimates**

### **3.1. Relevant accounting estimates**

The preparation of consolidated financial statements requires the Group's management to make judgments and estimates that affect the statement of financial position and the reported results. These estimates are based on the best information and knowledge about past and/or present events and on the operations that the Company considers it may implement in the future. However, at the date of completion of such operations, their results may differ from these estimates.

Changes to these estimates that occur after the date of approval of the consolidated financial statements will be corrected in the income statement in a prospective manner, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

The estimates and assumptions that imply a greater risk of giving rise to a material adjustment in assets and liabilities are described below:

#### **Entities included in the consolidation perimeter**

To determine the entities to be included in the consolidation perimeter, the Group assesses the extent to which it is exposed, or has rights, to variability in return from its involvement with that entity and can take possession of them through the power it holds over this entity.

The decision that an entity must be consolidated by the Group requires the use of judgment, estimates, and assumptions to determine the extent to which the Group is exposed to return variability and the ability to take possession of them through its power.



Other assumptions and estimates could lead to the Group's consolidation perimeter being different, with direct impact on the consolidated financial statements.

#### **Impairment of non-current assets, excluding goodwill**

The determination of a possible impairment loss can be triggered by the occurrence of various events, such as the availability of future financing, the cost of capital or other market, economic and legal changes or changes with an adverse effect on the technological environment, many of which are beyond the Group's control.

The identification and assessment of impairment indicators, the estimation of future cash flows, and the calculation of the recoverable value of assets involve a high degree of judgment by the Board.

#### **Impairment of goodwill**

Goodwill is annually subject to impairment tests or whenever there are indications of a possible loss of value, according to the criteria referred on Note 8. The recoverable values of the cash-generating units to which goodwill is allocated are determined based on the calculation of current use values. These calculations require the use of estimates by management.

#### **Intangible and tangible assets**

The life of an asset is the period during which the Company expects that an asset will be available for use and this should be reviewed at least at the end of each financial year.

The determination of the useful lives of assets, the amortization/depreciation method to be applied, and the estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence is crucial in determining the amount of amortization/depreciation to be recognised in the consolidated income statement each period.

These three parameters are defined using management's best estimates for the assets and businesses concerned and taking account of the practices adopted by companies in the sectors in which the Group operates.

The capitalized costs with the audiovisual content distribution rights acquired for commercialization in the various windows of exhibition are amortised over the period of exploration of the respective contracts. Additionally, these assets are subject to impairment tests whenever there are indications of changes in the pattern generation of future revenue underlying each contract.

The residual value, the useful life and the depreciation methods are periodically revised by the various companies of the Group and prospectively adjusted, if appropriated.

#### **Rights of use**

The Group determines the end of the lease as the non-cancelable part of the lease term, together with any periods covered by an option to extend the lease if it is reasonably certain that it will be exercised, or any periods covered by an option to terminate the lease agreement, if it is reasonably certain that it will not be exercised.

The Group has the option, under some of its lease agreements, to lease its assets for additional periods. NOS assesses the reasonableness of exercising the option to renew the contract. That is, NOS considers all the relevant factors that create an economic incentive for exercising the renewal. After the start date, the Group re-evaluates the termination of the contract if there is a significant event or changes in circumstances that are under control and affect its ability to exercise (or not exercise) the renewal option (a change in strategy of business).

#### **Provisions**

The Group periodically reviews any obligations arising from past events, which should be recognised or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments, either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.



#### **Deferred income tax assets**

Deferred income tax assets are recognised only when there is strong assurance that there will be future taxable income available to use the temporary differences or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The assessment of deferred income tax assets is undertaken by management at the end of each period taking account of the expected future performance of the Group.

#### **Expected credit losses**

The credit risk on the balances of accounts receivable is assessed at each reporting date, using a collection matrix based on the historical past collections adjusted from the future expectation of collections evolution, to determine the uncollectibility rate. The expected credit losses of the accounts receivable are thus adjusted for the assessment made, which may differ from the effective risk that will incurred in the future.

#### **Fair value of financial assets and liabilities**

When the fair value of an asset or liabilities is calculated, on an active market, the respective market price is used. When there is no active market, which is the case with some of the Group's financial assets and liabilities, valuation techniques generally accepted in the market, based on market assumptions, are used.

The Group applies evaluation techniques for unlisted financial instruments, such as derivatives, financial instruments at fair value and instruments measured at amortised cost. The most frequently used valorization models are models of discounted cash flows and option models, which incorporate, for example, interest rate and market volatility curves.

For certain types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Group uses internal estimates and assumptions.

### **3.2. Errors, estimates, and changes to accounting policies**

During the quarters ended on 31 March 2021 and 2022, errors, estimates and changes in material accounting policies relating to prior years were not recognised.

### **4. Changes in the perimeter**

During the quarters ended on 31 March 2021 and 2022 there were no changes on perimeter.

### **5. Segment Reporting**

The business segments are as follows:

- Telco – TV, Internet (fixed and mobile) and voice (fixed and mobile) services rendered and includes the following companies: NOS Technology, Per-mar, Sontária, NOS SGPS, NOS Açores, NOS Property, NOS Madeira, NOS SA, NOS Audio- Sales and Distribution, Teliz Holding, NOS Sistemas, NOS Sistemas España, NOS Inovação, NOS Internacional SGPS, NOS Corporate Center, NOS Wholesale, Fundo NOS 5G, Dualgrid and NOS Mediação Seguros
- Audiovisual – the supply of video production services and sales, cinema exhibition and distribution and the acquisition/negotiation of Pay TV and VOD (video-on-demand) rights and includes the following companies: NOS Audiovisuais, NOS Cinemas, Lusomundo Moçambique, Lda ("Lusomundo Moçambique"), Lusomundo Imobiliária 2, S.A. ("Lusomundo Imobiliária 2"), Lusomundo Sociedade de Investimentos Imobiliários, SGPS, S.A. ("Lusomundo SII"), Empracine – Empresa Promotora de Atividades Cinematográficas, Lda ("Empracine"), NOS Audio SGPS and Dreamia S.L.

Assets and liabilities by segment at 31 December 2021 and 31 March 2022 are shown below:

|  | 31-12-2021       |                |                  |                  |
|--|------------------|----------------|------------------|------------------|
|  | TELCO            | AUDIOVISUALS   | ELIMINATIONS     | GROUP            |
| <b>ASSETS</b>  |                  |                |                  |                  |
| <b>NON - CURRENT ASSETS:</b>   |                  |                |                  |                  |
| Tangible assets  | 1 031 185        | 9 915          | -                | 1 041 100        |
| Intangible assets  | 1 115 586        | 89 445         | -                | 1 205 031        |
| Contract costs   | 162 118          | -              | -                | 162 118          |
| Rights of use  | 206 880          | 29 183         | -                | 236 063          |
| Investments in jointly controlled companies and associated companies | 127 114          | 47 227         | (156 250)        | 18 091           |
| Accounts receivable - other  | 48 856           | 3 004          | (45 946)         | 5 914            |
| Deferred income tax assets   | 71 385           | 10 005         | -                | 81 390           |
| Other non-current assets   | 2 562            | 643            | -                | 3 205            |
| <b>TOTAL NON - CURRENT ASSETS</b>                                    | <b>2 765 686</b> | <b>189 422</b> | <b>(202 196)</b> | <b>2 752 912</b> |
| <b>CURRENT ASSETS:</b>   |                  |                |                  |                  |
| Inventories  | 43 532           | 482            | -                | 44 014           |
| Account receivables  | 396 514          | 68 996         | (61 420)         | 404 090          |
| Prepaid expenses   | 43 965           | 1 285          | (372)            | 44 878           |
| Other current assets   | 1 226            | 1 373          | -                | 2 599            |
| Cash and cash equivalents  | 10 204           | 698            | -                | 10 902           |
| <b>TOTAL CURRENT ASSETS</b>  | <b>495 441</b>   | <b>72 834</b>  | <b>(61 792)</b>  | <b>506 483</b>   |
| <b>TOTAL ASSETS</b>  | <b>3 261 127</b> | <b>262 256</b> | <b>(263 988)</b> | <b>3 259 395</b> |
| <b>SHAREHOLDER'S EQUITY</b>  |                  |                |                  |                  |
| Share capital  | 5 152            | 44 863         | (44 863)         | 5 152            |
| Capital issued premium   | 854 219          | -              | -                | 854 219          |
| Own shares   | (12 353)         | -              | -                | (12 353)         |
| Legal reserve  | 1 030            | 1 796          | (1 796)          | 1 030            |
| Other reserves and accumulated earnings                              | 9 540            | 53 760         | (98 886)         | (35 586)         |
| Net income   | 132 689          | 21 719         | (10 249)         | 144 159          |
| <b>EQUITY BEFORE NON - CONTROLLING INTERESTS</b>                     | <b>990 277</b>   | <b>122 138</b> | <b>(155 794)</b> | <b>956 621</b>   |
| Non-controlling interests  | 6 379            | -              | -                | 6 379            |
| <b>TOTAL EQUITY</b>  | <b>996 656</b>   | <b>122 138</b> | <b>(155 794)</b> | <b>963 000</b>   |
| <b>LIABILITIES</b>   |                  |                |                  |                  |
| <b>NON - CURRENT LIABILITIES:</b>                                    |                  |                |                  |                  |
| Borrowings   | 1 251 644        | 69 844         | (45 947)         | 1 275 541        |
| Provisions   | 73 986           | 8 530          | -                | 82 516           |
| Accrued expenses   | 497              | -              | -                | 497              |
| Other non-current liabilities  | 42 732           | -              | -                | 42 732           |
| Deferred income tax liabilities                                      | 4 784            | 375            | -                | 5 159            |
| <b>TOTAL NON - CURRENT LIABILITIES</b>                               | <b>1 373 643</b> | <b>78 749</b>  | <b>(45 947)</b>  | <b>1 406 445</b> |
| <b>CURRENT LIABILITIES:</b>  |                  |                |                  |                  |
| Borrowings   | 331 535          | 12 283         | (42 750)         | 301 068          |
| Accounts payable   | 311 008          | 19 035         | (14 411)         | 315 632          |
| Tax payable  | 60 362           | 1 164          | -                | 61 526           |
| Accrued expenses   | 159 459          | 21 040         | (4 715)          | 175 784          |
| Other current liabilities  | 28 464           | 7 847          | (371)            | 35 940           |
| <b>TOTAL CURRENT LIABILITIES</b>                                     | <b>890 828</b>   | <b>61 369</b>  | <b>(62 247)</b>  | <b>889 950</b>   |
| <b>TOTAL LIABILITIES</b>   | <b>2 264 471</b> | <b>140 118</b> | <b>(108 194)</b> | <b>2 296 395</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>                    | <b>3 261 127</b> | <b>262 256</b> | <b>(263 988)</b> | <b>3 259 395</b> |

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|  | TELCO            | AUDIOVISUALS   | ELIMINATIONS     | GROUP            |
|--|------------------|----------------|------------------|------------------|
| <b>ASSETS</b>  |                  |                |                  |                  |
| <b>NON - CURRENT ASSETS:</b>   |                  |                |                  |                  |
|  |                  |                |                  |                  |
| Tangible assets  | 1 068 479        | 9 324          | -                | 1 077 803        |
| Intangible assets  | 1 114 528        | 90 353         | -                | 1 204 881        |
| Contract costs   | 161 375          | -              | -                | 161 375          |
| Rights of use  | 201 289          | 31 614         | -                | 232 903          |
| Investments in jointly controlled companies and associated companies | 136 583          | 47 335         | (156 250)        | 27 668           |
| Accounts receivable - other  | 48 447           | 3 082          | (45 946)         | 5 583            |
| Deferred income tax assets   | 72 736           | 9 613          | -                | 82 349           |
| Other non-current assets   | 2 723            | 558            | -                | 3 281            |
| <b>TOTAL NON - CURRENT ASSETS</b>                                    | <b>2 806 160</b> | <b>191 879</b> | <b>(202 196)</b> | <b>2 795 843</b> |
| <b>CURRENT ASSETS:</b>   |                  |                |                  |                  |
|  |                  |                |                  |                  |
| Inventories  | 50 605           | 452            | -                | 51 057           |
| Account receivables  | 393 511          | 64 390         | (47 220)         | 410 681          |
| Prepaid expenses   | 53 246           | 1 165          | (370)            | 54 041           |
| Other current assets   | 3 987            | 1 571          | -                | 5 558            |
| Cash and cash equivalents  | 15 207           | 290            | -                | 15 497           |
| <b>TOTAL CURRENT ASSETS</b>  | <b>516 556</b>   | <b>67 868</b>  | <b>(47 590)</b>  | <b>536 834</b>   |
| <b>TOTAL ASSETS</b>  | <b>3 322 716</b> | <b>259 747</b> | <b>(249 786)</b> | <b>3 332 677</b> |
| <b>SHAREHOLDER'S EQUITY</b>  |                  |                |                  |                  |
|  |                  |                |                  |                  |
| Share capital  | 5 152            | 44 863         | (44 863)         | 5 152            |
| Capital issued premium   | 854 219          | -              | -                | 854 219          |
| Own shares   | (12 278)         | -              | -                | (12 278)         |
| Legal reserve  | 1 030            | 1 989          | (1 989)          | 1 030            |
| Other reserves and accumulated earnings                              | 142 682          | 67 814         | (98 810)         | 111 686          |
| Net income   | 46 037           | 5 203          | (10 132)         | 41 108           |
| <b>EQUITY BEFORE NON - CONTROLLING INTERESTS</b>                     | <b>1 036 842</b> | <b>119 869</b> | <b>(155 794)</b> | <b>1 000 917</b> |
| Non-controlling interests  | 6 344            | -              | -                | 6 344            |
| <b>TOTAL EQUITY</b>  | <b>1 043 186</b> | <b>119 869</b> | <b>(155 794)</b> | <b>1 007 261</b> |
| <b>LIABILITIES</b>   |                  |                |                  |                  |
| <b>NON - CURRENT LIABILITIES:</b>                                    |                  |                |                  |                  |
|  |                  |                |                  |                  |
| Borrowings   | 1 384 229        | 71 101         | (45 947)         | 1 409 383        |
| Provisions   | 72 193           | 8 581          | -                | 80 774           |
| Accrued expenses   | -                | -              | -                | -                |
| Other non-current liabilities  | 42 372           | -              | -                | 42 372           |
| Deferred income tax liabilities                                      | 4 844            | 377            | -                | 5 221            |
| <b>TOTAL NON - CURRENT LIABILITIES</b>                               | <b>1 503 638</b> | <b>80 059</b>  | <b>(45 947)</b>  | <b>1 537 750</b> |
| <b>CURRENT LIABILITIES:</b>  |                  |                |                  |                  |
|  |                  |                |                  |                  |
| Borrowings   | 190 601          | 10 775         | (35 913)         | 165 463          |
| Accounts payable   | 296 925          | 18 274         | (7 049)          | 308 150          |
| Tax payable  | 72 231           | 1 707          | -                | 73 938           |
| Accrued expenses   | 187 947          | 21 086         | (4 712)          | 204 321          |
| Other current liabilities  | 28 188           | 7 977          | (371)            | 35 794           |
| <b>TOTAL CURRENT LIABILITIES</b>                                     | <b>775 892</b>   | <b>59 819</b>  | <b>(48 045)</b>  | <b>787 666</b>   |
| <b>TOTAL LIABILITIES</b>   | <b>2 279 530</b> | <b>139 878</b> | <b>(93 992)</b>  | <b>2 325 416</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>                    | <b>3 322 716</b> | <b>259 747</b> | <b>(249 786)</b> | <b>3 332 677</b> |

The results by segment and investments in tangible and intangible assets, contract costs and rights of use for the quarters ended on 31 March 2021 and 31 March 2022 are shown below:

|  | TELCO          | AUDIOVISUALS   | ELIMINATIONS    | 3M 21<br>GROUP |
|--|----------------|----------------|-----------------|----------------|
| <b>REVENUES:</b>   |                |                |                 |                |
| Services rendered  | 311 480        | 8 818          | (7 814)         | 312 484        |
| Sales  | 19 341         | 255            | -               | 19 596         |
| Other operating revenues                                   | 4 850          | 652            | (151)           | 5 351          |
|  | <b>335 671</b> | <b>9 725</b>   | <b>(7 965)</b>  | <b>337 431</b> |
| <b>COSTS, LOSSES AND GAINS:</b>                            |                |                |                 |                |
| Wages and salaries   | 18 684         | 1 821          | -               | 20 505         |
| Direct costs   | 88 676         | 506            | (7 370)         | 81 812         |
| Costs of products sold                                     | 17 374         | (29)           | -               | 17 345         |
| Marketing and advertising                                  | 5 966          | 31             | (3 036)         | 2 961          |
| Support services   | 20 916         | 506            | (547)           | 20 875         |
| Supplies and external services                             | 30 449         | (4 205)        | 2 988           | 29 232         |
| Other operating losses / (gains)                           | 98             | 14             | -               | 112            |
| Taxes  | 8 202          | 20             | -               | 8 222          |
| Provisions and adjustments                                 | 4 598          | (400)          | -               | 4 198          |
|  | <b>194 963</b> | <b>(1 736)</b> | <b>(7 965)</b>  | <b>185 262</b> |
| <b>EBITDA</b>  | <b>140 708</b> | <b>11 461</b>  | -               | <b>152 169</b> |
| Depreciation, amortisation and impairment losses           | 95 050         | 6 371          | -               | 101 421        |
| Other losses / (gains), net                                | 4 165          | 156            | -               | 4 321          |
| <b>INCOME BEFORE LOSSES / (GAINS)</b>                      |                |                |                 |                |
| <b>PARTICIPATED COMPANIES, FINANCIAL RESULTS AND TAXES</b> | <b>41 493</b>  | <b>4 934</b>   | -               | <b>46 427</b>  |
| Net losses / (gains) of affiliated companies               | (2 623)        | (214)          | -               | (2 837)        |
| Financial costs  | 8 361          | 344            | -               | 8 705          |
| Net foreign exchange losses / (gains)                      | (109)          | (287)          | -               | (396)          |
| Net losses / (gains) on financial assets                   | (7 966)        | (2 229)        | 10 249          | 54             |
| Net other financial expenses / (income)                    | 824            | 6              | -               | 830            |
|  | <b>(1 513)</b> | <b>(2 380)</b> | <b>10 249</b>   | <b>6 356</b>   |
| <b>INCOME BEFORE TAXES</b>                                 | <b>43 006</b>  | <b>7 314</b>   | <b>(10 249)</b> | <b>40 071</b>  |
| Income taxes   | 8 359          | 1 183          | -               | 9 542          |
| <b>NET INCOME</b>  | <b>34 647</b>  | <b>6 131</b>   | <b>(10 249)</b> | <b>30 529</b>  |
| <b>CAPEX</b>   | <b>95 703</b>  | <b>3 139</b>   | -               | <b>98 842</b>  |
| <b>EBITDA - CAPEX</b>                                      | <b>45 005</b>  | <b>8 322</b>   | -               | <b>53 327</b>  |



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|  | TELCO          | AUDIOVISUALS   | ELIMINATIONS    | GROUP          |
|--|----------------|----------------|-----------------|----------------|
| <b>REVENUES:</b>   |                |                |                 |                |
| Services rendered  | 322 457        | 16 643         | (11 130)        | 327 970        |
| Sales  | 35 980         | 1 977          | (32)            | 37 925         |
| Other operating revenues                                   | 7 343          | 279            | (150)           | 7 472          |
|  | <b>365 780</b> | <b>18 899</b>  | <b>(11 312)</b> | <b>373 367</b> |
| <b>COSTS, LOSSES AND GAINS:</b>                            |                |                |                 |                |
| Wages and salaries   | 18 033         | 2 259          | -               | 20 292         |
| Direct costs   | 85 915         | 2 162          | (7 556)         | 80 521         |
| Costs of products sold                                     | 34 675         | 407            | (9)             | 35 073         |
| Marketing and advertising                                  | 7 649          | 594            | (2 969)         | 5 274          |
| Support services   | 20 706         | 702            | (778)           | 20 630         |
| Supplies and external services                             | 36 988         | 1 185          | -               | 38 173         |
| Other operating losses / (gains)                           | 279            | 55             | -               | 334            |
| Taxes  | 8 767          | 21             | -               | 8 788          |
| Provisions and adjustments                                 | 4 854          | (13)           | -               | 4 841          |
|  | <b>217 866</b> | <b>7 372</b>   | <b>(11 312)</b> | <b>213 926</b> |
| <b>EBITDA</b>  | <b>147 914</b> | <b>11 527</b>  | -               | <b>159 441</b> |
| Depreciation, amortisation and impairment losses           | 102 572        | 7 833          | -               | 110 405        |
| Other losses / (gains), net                                | (2 882)        | 155            | -               | (2 727)        |
| <b>INCOME BEFORE LOSSES / (GAINS)</b>                      |                |                |                 |                |
| <b>PARTICIPATED COMPANIES, FINANCIAL RESULTS AND TAXES</b> | <b>48 224</b>  | <b>3 539</b>   | -               | <b>51 763</b>  |
| Net losses / (gains) of affiliated companies               | (5 200)        | (107)          | -               | (5 307)        |
| Financial costs  | 7 775          | 363            | -               | 8 138          |
| Net foreign exchange losses / (gains)                      | 73             | 19             | -               | 92             |
| Net losses / (gains) on financial assets                   | (7 344)        | (2 754)        | 10 132          | 34             |
| Net other financial expenses / (income)                    | 783            | 3              | -               | 786            |
|  | <b>(3 913)</b> | <b>(2 476)</b> | <b>10 132</b>   | <b>3 743</b>   |
| <b>INCOME BEFORE TAXES</b>                                 | <b>52 137</b>  | <b>6 015</b>   | <b>(10 132)</b> | <b>48 020</b>  |
| Income taxes   | 6 131          | 812            | -               | 6 943          |
| <b>NET INCOME</b>  | <b>46 006</b>  | <b>5 203</b>   | <b>(10 132)</b> | <b>41 077</b>  |
| <b>CAPEX</b>   | <b>132 688</b> | <b>10 563</b>  | -               | <b>143 251</b> |
| <b>EBITDA - CAPEX</b>                                      | <b>15 226</b>  | <b>964</b>     | -               | <b>16 190</b>  |

EBITDA = Operational Result + Depreciation, amortization and impairment losses + Restructuring costs + Losses / (gains) on sale of assets + Other losses / (gains) non-recurrent

CAPEX = Increases in tangible and intangible assets, contract costs and rights of use

Transactions between segments are performed on market terms and conditions in a comparable way to transactions performed with third parties.

At 31 March 2022, fully consolidated foreign companies represent less than 1% of assets (at 31 March 2021: less than 1%) and their turnover is less than 0.1% of consolidated turnover.

## 6. Financial assets and liabilities classified in accordance with the IFRS 9 – financial instruments

The accounting policies set out in IFRS 9 for financial instruments were applied to the following items:

|  | 31-12-2021       |                              |                       |  |                                      |
|--|------------------|------------------------------|-----------------------|--|--------------------------------------|
|  | FINANCIAL ASSETS | INVESTMENTS HELD-TO-MATURITY | FINANCIAL LIABILITIES | TOTAL FINANCIAL ASSETS AND LIABILITIES | NON FINANCIAL ASSETS AND LIABILITIES |
| <b>ASSETS</b>                                |                  |                              |                       |  |                                      |
| Other financial assets non-current (Note 14) | 2 074            | -                            | -                     | 2 074                                  | -                                    |
| Derivative financial instruments (Note 20)   | -                | -                            | -                     | 422                                    | -                                    |
| Accounts receivable - trade (Note 17)        | 323 934          | -                            | -                     | 323 934                                | -                                    |
| Accounts receivable - other (Note 12)        | 10 066           | -                            | -                     | 10 066                                 | 14 240                               |
| Cash and cash equivalents (Note 21)          | 10 902           | -                            | -                     | 10 902                                 | -                                    |
| <b>TOTAL FINANCIAL ASSETS</b>                | <b>346 976</b>   | -                            | -                     | <b>347 398</b>                         | <b>14 240</b>                        |
| <b>LIABILITIES</b>                           |                  |                              |                       |  |                                      |
| Borrowings (Note 24)                         | -                | -                            | 1 576 609             | 1 576 609                              | -                                    |
| Derivative financial instruments (Note 20)   | -                | -                            | -                     | 337                                    | -                                    |
| Accounts payable - trade (Note 28)           | -                | -                            | 279 993               | 279 993                                | -                                    |
| Accounts payable - other (Note 29)           | -                | -                            | 73 921                | 73 921                                 | 220                                  |
| Accrued expenses (Note 26)                   | -                | -                            | 176 281               | 176 281                                | -                                    |
| <b>TOTAL FINANCIAL LIABILITIES</b>           | <b>-</b>         | <b>-</b>                     | <b>2 106 804</b>      | <b>2 107 141</b>                       | <b>220</b>                           |
|  |                  |                              |                       |  | <b>2 107 361</b>                     |

|  | 31-03-2022       |                              |                       |  |                                      |
|--|------------------|------------------------------|-----------------------|--|--------------------------------------|
|  | FINANCIAL ASSETS | INVESTMENTS HELD-TO-MATURITY | FINANCIAL LIABILITIES | TOTAL FINANCIAL ASSETS AND LIABILITIES | NON FINANCIAL ASSETS AND LIABILITIES |
| <b>ASSETS</b>                                |                  |                              |                       |  |                                      |
| Other financial assets non-current (Note 14) | 2 143            | -                            | -                     | 2 143                                  | -                                    |
| Derivative financial instruments (Note 20)   | -                | 782                          | -                     | 782                                    | -                                    |
| Accounts receivable - trade (Note 17)        | 330 915          | -                            | -                     | 330 915                                | -                                    |
| Accounts receivable - other (Note 12)        | 9 494            | -                            | -                     | 9 494                                  | 14 939                               |
| Cash and cash equivalents (Note 21)          | 15 497           | -                            | -                     | 15 497                                 | -                                    |
| <b>TOTAL FINANCIAL ASSETS</b>                | <b>358 049</b>   | <b>782</b>                   | <b>-</b>              | <b>358 831</b>                         | <b>14 939</b>                        |
| <b>LIABILITIES</b>                           |                  |                              |                       |  |                                      |
| Borrowings (Note 24)                         | -                | -                            | 1 574 846             | 1 574 846                              | -                                    |
| Derivative financial instruments (Note 20)   | -                | 4                            | -                     | 4                                      | -                                    |
| Accounts payable - trade (Note 28)           | -                | -                            | 277 921               | 277 921                                | -                                    |
| Accounts payable - other (Note 29)           | -                | -                            | 68 625                | 68 625                                 | 174                                  |
| Accrued expenses (Note 26)                   | -                | -                            | 204 321               | 204 321                                | -                                    |
| <b>TOTAL FINANCIAL LIABILITIES</b>           | <b>-</b>         | <b>4</b>                     | <b>2 125 713</b>      | <b>2 125 717</b>                       | <b>174</b>                           |
|  |                  |                              |                       |  | <b>2 125 891</b>                     |

Considering its nature, the balances of the amounts to be paid and received to/from state and other public entities were considered outside the scope of IFRS 7. Also, the captions of "Prepaid expenses" and "Deferred income" were not included in this note, as the nature of such balances are not included in the scope of IFRS 7.

The Board of Directors believes that the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

## 7. Tangible Assets

In the quarters ended on 31 March 2021 and 2022, the movements in this item were as follows:

|   | 31-12-2020       | INCREASES     | DISPOSALS<br>AND WRITE-<br>OFFS | TRANSFERS<br>AND OTHERS | 31-03-2021       |
|---|------------------|---------------|---------------------------------|-------------------------|------------------|
| <b>ACQUISITION COST</b>                               |                  |               |                                 |                         |                  |
| Lands   | 838              | -             | -                               | -                       | 838              |
| Buildings and other constructions                     | 263 952          | -             | -                               | 853                     | 264 805          |
| Basic equipment                                       | 2 599 495        | 17 998        | (10 392)                        | 21 135                  | 2 628 236        |
| Transportation equipment                              | 512              | -             | -                               | -                       | 512              |
| Tools and dies  | 1 554            | -             | -                               | 1                       | 1 555            |
| Administrative equipment                              | 193 109          | 512           | (420)                           | 172                     | 193 373          |
| Other tangible assets                                 | 43 471           | 40            | -                               | 10                      | 43 521           |
| Tangible assets in-progress                           | 39 349           | 25 197        | -                               | (18 176)                | 46 370           |
|   | <b>3 142 280</b> | <b>43 747</b> | <b>(10 812)</b>                 | <b>3 995</b>            | <b>3 179 210</b> |
| <b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b> |                  |               |                                 |                         |                  |
| Buildings and other constructions                     | 165 127          | 141           | -                               | 11                      | 165 279          |
| Basic equipment                                       | 1 758 042        | 39 915        | (10 248)                        | 56                      | 1 787 765        |
| Transportation equipment                              | 510              | -             | -                               | 1                       | 511              |
| Tools and dies  | 1 420            | 14            | -                               | -                       | 1 434            |
| Administrative equipment                              | 182 562          | 1 098         | (420)                           | 15                      | 183 255          |
| Other tangible assets                                 | 43 006           | 114           | -                               | -                       | 43 120           |
|   | <b>2 150 667</b> | <b>41 282</b> | <b>(10 668)</b>                 | <b>83</b>               | <b>2 181 364</b> |
|   | <b>991 613</b>   | <b>2 465</b>  | <b>(144)</b>                    | <b>3 912</b>            | <b>997 846</b>   |



|   | 31-12-2021       | INCREASES     | DISPOSALS<br>AND WRITE-<br>OFFS | TRANSFERS<br>AND OTHERS | 31-03-2022       |
|---|------------------|---------------|---------------------------------|-------------------------|------------------|
| <b>ACQUISITION COST</b>                               |                  |               |                                 |                         |                  |
| Land  | 796              | -             | -                               | -                       | 796              |
| Buildings and other constructions                     | 276 320          | -             | (10)                            | 8 323                   | 284 633          |
| Basic equipment                                       | 2 765 157        | 12 445        | (6 861)                         | 44 045                  | 2 814 786        |
| Transportation equipment                              | 514              | -             | -                               | -                       | 514              |
| Tools and dies  | 1 596            | -             | -                               | -                       | 1 596            |
| Administrative equipment                              | 195 035          | 378           | (466)                           | 571                     | 195 518          |
| Other tangible assets                                 | 43 864           | 36            | -                               | 70                      | 43 970           |
| Tangible assets in-progress                           | 41 226           | 67 359        | -                               | (49 910)                | 58 675           |
|   | <b>3 324 508</b> | <b>80 218</b> | <b>(7 337)</b>                  | <b>3 099</b>            | <b>3 400 488</b> |
| <b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b> |                  |               |                                 |                         |                  |
| Buildings and other constructions                     | 180 308          | 2 860         | -                               | 2                       | 183 170          |
| Basic equipment                                       | 1 872 564        | 42 431        | (5 709)                         | (1 005)                 | 1 908 281        |
| Transportation equipment                              | 513              | -             | -                               | -                       | 513              |
| Tools and dies  | 1 479            | 16            | -                               | -                       | 1 495            |
| Administrative equipment                              | 185 182          | 1 053         | (464)                           | 4                       | 185 775          |
| Other tangible assets                                 | 43 362           | 89            | -                               | -                       | 43 451           |
|   | <b>2 283 408</b> | <b>46 449</b> | <b>(6 173)</b>                  | <b>(999)</b>            | <b>2 322 685</b> |
|   | <b>1 041 100</b> | <b>33 769</b> | <b>(1 164)</b>                  | <b>4 098</b>            | <b>1 077 803</b> |

The net amount of "Transfers and Others" predominantly corresponds to the transfer of assets to "Intangible assets" (Note 8).

At 31 March 2022, the tangible assets net value is composed mainly by basic equipment, namely:

- Network and telecommunications infrastructure (fibre optic network and cabling, network equipment, and other equipment) in the amount of 798.8 million euros (31 December 2021: 775.0 million euros);
- Terminal equipment installed on client premises, included under Basic equipment, amounts to 107.7 million euros (31 December 2021: 107.6 million euros).

Tangible and intangible assets include interests and other financial expenses incurred directly related to the construction of certain tangible or intangible assets in progress.

At 31 March 2022, total net value of these costs amounted to 12.3 million euros (31 December 2021: 12.4 million euros). The amount of interest capitalised in the quarter ended on 31 March 2022 amounted to 0.2 million euros (31 December 2021: 1.1 million euros).



## 8. Intangible assets

In the quarters ended on 31 March 2021 and 2022, the movements in this item were as follows:

|   | 31-12-2020       | INCREASES     | TRANSFERS<br>AND<br>OTHERS | 31-03-2021       |
|---|------------------|---------------|----------------------------|------------------|
| <b>ACQUISITION COST</b>                               |                  |               |                            |                  |
| Industrial property and other rights                  | 1 739 434        | 1 411         | 26 481                     | 1 767 326        |
| Goodwill  | 641 400          | -             | -                          | 641 400          |
| Intangible assets in-progress                         | 33 310           | 24 444        | (30 302)                   | 27 452           |
|   | <b>2 414 144</b> | <b>25 855</b> | <b>(3 821)</b>             | <b>2 436 178</b> |
| <b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES</b> |                  |               |                            |                  |
| Industrial property and other rights                  | 1 370 986        | 20 659        | 358                        | 1 392 003        |
| Other intangible assets                               | 2 071            | -             | (360)                      | 1 711            |
|   | <b>1 373 057</b> | <b>20 659</b> | <b>(2)</b>                 | <b>1 393 714</b> |
|   | <b>1 041 087</b> | <b>5 196</b>  | <b>(3 819)</b>             | <b>1 042 464</b> |

|   | 31-12-2021       | INCREASES     | TRANSFERS<br>AND<br>OTHERS | 31-03-2022       |
|---|------------------|---------------|----------------------------|------------------|
| <b>ACQUISITION COST</b>                               |                  |               |                            |                  |
| Industrial property and other rights                  | 1 981 959        | 674           | 33 054                     | 2 015 687        |
| Goodwill  | 641 400          | -             | -                          | 641 400          |
| Intangible assets in-progress                         | 39 861           | 26 796        | (36 124)                   | 30 533           |
|   | <b>2 663 220</b> | <b>27 470</b> | <b>(3 070)</b>             | <b>2 687 620</b> |
| <b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES</b> |                  |               |                            |                  |
| Industrial property and other rights                  | 1 456 166        | 24 486        | 32                         | 1 480 684        |
| Intangible assets in-progress                         | 2 023            | -             | 32                         | 2 055            |
|   | <b>1 458 189</b> | <b>24 486</b> | <b>64</b>                  | <b>1 482 739</b> |
|   | <b>1 205 031</b> | <b>2 984</b>  | <b>(3 134)</b>             | <b>1 204 881</b> |

The amount of "Transfers and Others" corresponds, mainly, to the transfer of assets from "Tangible assets" (Note 7).

At 31 March 2022, the item "Industrial property and other rights" includes mainly:

- A net amount of 149.0 million euros (31 December 2021: 150.5 million euros) corresponding to the acquisition of frequency usage rights in 5G bands and other relevant bands (100MHz in the 3.6GHz band and 2x10MHz in the 700MHz band, also acquiring 2x5MHz in the 2100MHz band and 2x2MHz in the 900MHz band);
- A net amount of 91.9 million euros (31 December 2021: 94.0 million euros) mainly related to the investment, net of amortization, made in the development of the UMTS network by NOS SA, including:
  - 29.1 million euros (31 December 2021: 29.8 million euros) related to the license,
  - 9.7 million euros (31 December 2021: 9.9 million euros) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal,
  - 3.0 million euros (31 December 2021: 3.1 million euros) related to the Share Capital of



"Fundação para as Comunicações Móveis", established in 2007, under an agreement entered with "Ministério das Obras Públicas, Transportes e Comunicações" and the three mobile telecommunication operators in Portugal;

- 42.6 million euros (31 December 2021: 43.5 million euros) related with the program "Initiatives E"; and
- the net amount of 5.0 million euros (31 December 2022: 5.2 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;
- A net amount of 74.3 million euros (31 December 2021: 75.2 million euros) corresponding to the current value of future payments related with the acquisition of rights of use for frequencies (spectrum) bands of 800 MHz, 1800 MHz, 2600 MHz, which will be used to develop 4th generation services (LTE - Long Term Evolution) and a net amount of 2.6 million euros (31 December 2021: 2.6 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;
- A net amount of 17.6 million euros (31 December 2021: 12.6 million euros) corresponding to the future rights to use movies and series.

Increases in the quarter ended on 31 March 2022 correspond mainly to the acquisition of movies and television series usage rights, for an amount of 5.7 million euros, and acquisition and development of software and other assets, for an amount of 18.0 million euros.

#### Impairment tests on goodwill

Goodwill was allocated to the cash-generating units of each reportable segment, as follows:

|              | 31-12-2021     | 31-03-2022     |
|--------------|----------------|----------------|
| Telco        | 564 799        | 564 799        |
| Audiovisuals | 76 601         | 76 601         |
|              | <b>641 400</b> | <b>641 400</b> |

In 2021 impairment tests were performed based on assessments in accordance with the discounted cash flow method, which corroborate the recoverability of the book value of the Goodwill. The amounts in these assessments are based on the historical performances and forecast growth of the businesses and their markets, incorporated in medium/long term approved plans.

These estimates are based on the following assumptions:

|                              | TELCO<br>SEGMENT | AUDIOVISUALS SEGMENT |                |
|------------------------------|------------------|----------------------|----------------|
|                              |                  | NOS                  | NOS<br>CINEMAS |
| Discount rate (before taxes) | 5,3%             | 6,3%                 | 8,0%           |
| Assessment period            | 5 years          | 5 years              | 5 years        |
| EBITDA Growth (2021-26)*     | 2,7%             | 1,6%                 | 10,4%          |
| Perpetuity growth rate       | 1,4%             | 1,4%                 | 1,4%           |

\* EBITDA = Operating Income + Depreciation, Amortization and Impairment Losses + Restructuring Costs + Losses / (Gains) on disposal of assets + Other Costs / (Gains) Non-Recurring (CAGR - average 5 years)

In the Telco segment, the assumptions used are based on past performance, evolution of the number of customers, expected development of regulated tariffs, current market conditions, and expectations of future development.

In the cinema segment, the most affected segment by COVID-19, the strong increase in EBITDA is justified by a year of 2021 still impacted by the pandemic, with an estimated activity recovery to pre-pandemic levels by 2023.

The number of years specified in the impairment tests depends on the degree of maturity of the several businesses and markets, and were determined based on the most appropriate criterion for the valuation of each cash-generating unit.

Sensitivity analyses were performed to variations in the discount rate and growth rate in the perpetuity of the various reported segments, of 1 percentage point and 0.4 percentage points, respectively.

In the telecommunications segment, sensitivity analysis were also performed to variations in the operational indicators RGU (Revenue Generating Unit), ARPU (Average Revenue per User), EBITDA and CAPEX, in perpetuity, of approximately 5%.

In the cinema segment, sensitivity analysis were conducted on variations in the projected number of tickets sold, average revenue per ticket, EBITDA and CAPEX, in perpetuity, of approximately 5%.

These simulations did not result in the need to reinforce impairment.

In the quarter ended on 31 March 2022, it was understood that the assumptions made in the impairment tests carried out in 2021 had no material changes, so there are no indications of the existence of any impairment.

## 9. Contract costs

In the quarters ended on 31 March 2021 and 2022, the movements in this item were as follows:

|  | 31-12-2020     | INCREASES     | 31-03-2021     |
|--|----------------|---------------|----------------|
| <b>ACQUISITION COST</b>                                |                |               |                |
| Cost of attracting customers                           | 491 490        | 17 842        | 509 332        |
| Costs of fulfilling customer contracts                 | 223 961        | 8 508         | 232 469        |
|  | <b>715 451</b> | <b>26 350</b> | <b>741 801</b> |
| <b>ACCUMULATED AMORTIZATIONS AND IMPAIRMENT LOSSES</b> |                |               |                |
| Cost of attracting customers                           | 393 153        | 16 148        | 409 301        |
| Costs of fulfilling customer contracts                 | 160 175        | 8 458         | 168 633        |
|  | <b>553 328</b> | <b>24 606</b> | <b>577 934</b> |
|  | <b>162 123</b> | <b>1 744</b>  | <b>163 867</b> |

|  | 31-12-2021     | INCREASES     | 31-03-2022     |
|--|----------------|---------------|----------------|
| <b>ACQUISITION COST</b>                                |                |               |                |
| Cost of attracting customers                           | 556 967        | 16 347        | 573 314        |
| Costs of fulfilling customer contracts                 | 256 884        | 7 393         | 264 277        |
|  | <b>813 851</b> | <b>23 740</b> | <b>837 591</b> |
| <b>ACCUMULATED AMORTIZATIONS AND IMPAIRMENT LOSSES</b> |                |               |                |
| Cost of attracting customers                           | 457 570        | 16 040        | 473 610        |
| Costs of fulfilling customer contracts                 | 194 163        | 8 443         | 202 606        |
|  | <b>651 733</b> | <b>24 483</b> | <b>676 216</b> |
|  | <b>162 118</b> | <b>(743)</b>  | <b>161 375</b> |

Contract costs refers to commissions paid to third parties and other costs related to raising customers' loyalty contracts, including portability costs. These costs are amortised, systematically and consistently, with the transfer to customers of goods or services to which the asset is related (between 2 and 4 years).



## 10. Rights of use

In the quarters ended on 31 March 2021 and 2022, the movements in this item were as follows:

|   | 31-12-2020     | INCREASES       | TRANSFERS<br>AND OTHERS | 31-03-2021     |
|---|----------------|-----------------|-------------------------|----------------|
| <b>ACQUISITION COST</b>                               |                |                 |                         |                |
| Telecommunications towers and rooftops                | 138 590        | (2 440)         | 104                     | 136 254        |
| Movie theatres  | 114 332        | 297             | -                       | 114 629        |
| Transponders  | 91 709         | -               | -                       | 91 709         |
| Equipments  | 132 737        | 3 055           | -                       | 135 792        |
| Buildings   | 72 979         | 593             | -                       | 73 572         |
| Fiber optic rental                                    | 40 337         | (191)           | -                       | 40 146         |
| Stores  | 19 596         | 21              | -                       | 19 617         |
| Others  | 34 052         | 1 555           | -                       | 35 607         |
|   | <b>644 332</b> | <b>2 890</b>    | <b>104</b>              | <b>647 326</b> |
| <b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b> |                |                 |                         |                |
| Telecommunications towers and rooftops                | 45 575         | 2 562           | -                       | 48 137         |
| Movie theatres  | 79 595         | 1 949           | -                       | 81 544         |
| Transponders  | 62 540         | 1 459           | -                       | 63 999         |
| Equipments  | 84 777         | 4 339           | -                       | 89 116         |
| Buildings   | 52 119         | 1 867           | -                       | 53 986         |
| Fiber optic rental                                    | 28 449         | 985             | -                       | 29 434         |
| Stores  | 14 184         | 594             | -                       | 14 778         |
| Others  | 16 996         | 1 115           | -                       | 18 111         |
|   | <b>384 235</b> | <b>14 870</b>   | <b>-</b>                | <b>399 105</b> |
|   | <b>260 097</b> | <b>(11 980)</b> | <b>104</b>              | <b>248 221</b> |

|   | 31-12-2021     | INCREASES      | TRANSFERS<br>AND OTHERS | 31-03-2022     |
|---|----------------|----------------|-------------------------|----------------|
| <b>ACQUISITION COST</b>                               |                |                |                         |                |
| Telecommunications towers and rooftops                | 142 921        | 1 740          | -                       | 144 661        |
| Movie theatres  | 118 322        | 4 700          | -                       | 123 022        |
| Transponders  | 91 787         | -              | -                       | 91 787         |
| Equipments  | 149 061        | 2 830          | -                       | 151 891        |
| Buildings   | 77 480         | (113)          | -                       | 77 367         |
| Fiber optic rental                                    | 40 146         | -              | -                       | 40 146         |
| Stores  | 21 445         | 314            | -                       | 21 759         |
| Others  | 41 321         | 2 352          | -                       | 43 673         |
|   | <b>682 483</b> | <b>11 823</b>  | <b>-</b>                | <b>694 306</b> |
| <b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b> |                |                |                         |                |
| Telecommunications towers and rooftops                | 56 137         | 2 801          | -                       | 58 938         |
| Movie theatres  | 89 550         | 2 234          | -                       | 91 784         |
| Transponders  | 68 380         | 1 463          | -                       | 69 843         |
| Equipments  | 102 784        | 3 931          | -                       | 106 715        |
| Buildings   | 58 411         | 1 808          | -                       | 60 219         |
| Fiber optic rental                                    | 32 019         | 763            | -                       | 32 782         |
| Stores  | 16 585         | 680            | -                       | 17 265         |
| Others  | 22 554         | 1 303          | -                       | 23 857         |
|   | <b>446 420</b> | <b>14 983</b>  | <b>-</b>                | <b>461 403</b> |
|   | <b>236 063</b> | <b>(3 160)</b> | <b>-</b>                | <b>232 903</b> |

The caption "Rights of Use" refers to assets associated with lease contracts. These assets are amortised according to the duration of the respective agreement, except for the lease of equipment with a purchase option that is amortised over the estimated period of use.

## 11. Investments in jointly controlled companies and associated companies

At 31 December 2021 and 31 March 2022, this item was composed as follows:

|                                    | 31-12-2021     | 31-03-2022     |
|------------------------------------|----------------|----------------|
| <b>INVESTMENTS - EQUITY METHOD</b> |                |                |
| Finstar*                           | 12 550         | 21 768         |
| Dreamia                            | 2 989          | 3 098          |
| Mstar                              | 2 029          | 2 278          |
| Others                             | (552)          | (551)          |
|                                    | <b>17 016</b>  | <b>26 593</b>  |
| <b>ASSETS</b>                      | <b>18 091</b>  | <b>27 668</b>  |
| <b>LIABILITIES (NOTE 25)</b>       | <b>(1 075)</b> | <b>(1 075)</b> |

\* Consolidated from Finstar and ZAP Media

Movements in "Investments in jointly controlled companies and associated companies" in the quarters ended on 31 March 2021 and 2022 were as follows:

|  | 3M 21         | 3M 22         |
|--|---------------|---------------|
| <b>AS AT JANUARY 1</b>                 | <b>10 897</b> | <b>17 016</b> |
| Gains / (losses) of exercise (Note 36) | 2 836         | 5 307         |
| Impairment (Note 36)                   | 1             | -             |
| Changes in equity i)                   | 726           | 4 270         |
| <b>AS AT MARCH 31</b>                  | <b>14 460</b> | <b>26 593</b> |

i) Amounts related to changes in equity of the companies registered by the equity method of consolidation are mainly related to foreign exchange impacts of the investment in currencies other than euro.

The assets, liabilities and results of the jointly controlled companies and associated companies in the periods ended on 31 December 2021 and 31 March 2022, are as follows:



31-12-2021

| ENTITY              | NON-CURRENT ASSETS | CURRENT ASSETS | NON-CURRENT LIABILITIES | CURRENT LIABILITIES | EQUITY        | REVENUE        | NET INCOME    | % HELD |
|---------------------|--------------------|----------------|-------------------------|---------------------|---------------|----------------|---------------|--------|
| Sport TV            | 81 857             | 67 376         | 5 920                   | 131 009             | 12 304        | 236 924        | 1 140         | 25%    |
| Dreamia             | 14 752             | 744            | 6 180                   | 1 878               | 7 438         | 1 232          | (609)         | 50%    |
| Finstar             | 62 579             | 111 165        | -                       | 131 912             | 41 832        | 150 791        | 16 248        | 30%    |
| Mstar               | 549                | 11 757         | -                       | 7 125               | 5 181         | 3 795          | 1 203         | 30%    |
| Upstar              | 1 184              | 36 392         | 17 096                  | 19 208              | 1 272         | 21 280         | 35            | 30%    |
| Big Picture 2 Films | 744                | 2 791          | 546                     | 2 456               | 533           | 2 708          | (16)          | 20%    |
| Dualgrid            | 7                  | 229            | -                       | 166                 | 70            | 388            | 30            | 50%    |
| Dreamia S.L.        | -                  | 3              | -                       | -                   | 3             | -              | -             | 50%    |
|                     | <b>161 672</b>     | <b>230 457</b> | <b>29 742</b>           | <b>293 754</b>      | <b>68 633</b> | <b>417 118</b> | <b>18 031</b> |        |

31-03-2022

| ENTITY              | NON-CURRENT ASSETS | CURRENT ASSETS | NON-CURRENT LIABILITIES | CURRENT LIABILITIES | EQUITY         | REVENUE        | NET INCOME    | % HELD |
|---------------------|--------------------|----------------|-------------------------|---------------------|----------------|----------------|---------------|--------|
| Sport TV*           | 34.738             | 66.734         | 5.920                   | 83.959              | 11.593         | 61.580         | (712)         | 25%    |
| Dreamia             | 529                | 16.593         | 6.761                   | 3.924               | 6.437          | 4.244          | 293           | 50%    |
| Finstar             | 82.160             | 156.363        | -                       | 171.532             | 66.991         | 44.538         | 17.391        | 30%    |
| Mstar               | 542                | 13.314         | -                       | 7.883               | 5.973          | 6.953          | 673           | 30%    |
| Upstar              | 1.079              | 34.212         | 17.096                  | 16.906              | 1.289          | 4.965          | 17            | 30%    |
| Big Picture 2 Films | 771                | 2.287          | 586                     | 1.949               | 523            | 1.344          | (10)          | 20%    |
| Dualgrid            | 7                  | 338            | -                       | 280                 | 65             | 144            | 6             | 50%    |
| Dreamia S.L.        | 14.805             | 976            | 6.225                   | 2.127               | 7.429          | 573            | (8)           | 50%    |
|                     | <b>134.631</b>     | <b>290.817</b> | <b>36.588</b>           | <b>288.560</b>      | <b>100.300</b> | <b>124.340</b> | <b>17.650</b> |        |

\* During the period of 2021, Sport TV changed the annual reporting period from 31 December to 30 June, hence, in the accounts presented in the table above, the earnings and net income corresponds to the approved income from the 2021 year, added to the income from January to March 2022.

Indicators presented in the tables above do not include consolidated adjustments which were considered when determining the Group's interest in the results, assets and liabilities of jointly controlled and associated companies.

In the quarter ended on 31 March 2022, the assets, liabilities and results of jointly controlled company ZAP Media (100% held by Finstar) are:

| 31-03-2022 |                    |                |                         |                     |        |         |            |
|------------|--------------------|----------------|-------------------------|---------------------|--------|---------|------------|
| ENTITY     | NON-CURRENT ASSETS | CURRENT ASSETS | NON-CURRENT LIABILITIES | CURRENT LIABILITIES | EQUITY | REVENUE | NET INCOME |
| ZAP Media  | 31 515             | 15 888         | -                       | 40 141              | 7 262  | 10 492  | 2 668      |

The differences between the individual accounts (prepared in accordance with Angolan regulations) and the Finstar Group (Finstar + ZAP Media) correspond, predominantly, to the annulment of balances and transactions between the companies and the adjustment because the companies were in a hyperinflationary economy from 2017 to September 2019 (IAS 29).



The Group has several controls regarding the reporting process of its jointly controlled and associated companies. The amounts included in the reported financial statements are subject to audit in cases where it is legally required. In the remaining cases and in those where the audit has not been completed, specific review procedures are carried out by the Group.

The Board of Directors believes that the seizure of assets to Mrs. Isabel dos Santos, in the specific case of the shares held by her in Finstar and ZAP Media (where she holds 70% of the capital), does not change the control profile, in this case joint control as defined in IFRS 11.

## 12. Accounts receivable - other

At 31 December 2021 and 31 March 2022, this item was composed as follows:

|                                | 31-12-2021    |              | 31-03-2022    |              |
|--------------------------------|---------------|--------------|---------------|--------------|
|                                | CURRENT       | NON CURRENT  | CURRENT       | NON CURRENT  |
| Accounts receivables           | 4.916         | 6.674        | 4.800         | 6.563        |
| Advances to suppliers          | 14.240        | -            | 14.939        | -            |
|                                | <b>19.156</b> | <b>6.674</b> | <b>19.739</b> | <b>6.563</b> |
| Impairment of other receivable | (764)         | (760)        | (889)         | (980)        |
|                                | <b>18.392</b> | <b>5.914</b> | <b>18.850</b> | <b>5.583</b> |

At 31 March 2022, this item corresponds predominantly to:

- short-term loans, medium and long-term loans from Group and interests' receivable; and
- associated companies, the amount receivable of 3.6 million euros from the sale of NOS International Carrier Services.

Additionally, at 31 March 2022, the advances to suppliers correspond, essentially, to payments related with football rights' contracts and other operational costs.

The summary of movements in impairment of other receivable in other accounts receivable is as follows:

|                        | 3M 21        | 3M 22        |
|------------------------|--------------|--------------|
| <b>AS AT JANUARY 1</b> | <b>1 524</b> | <b>1 524</b> |
| Increases (Note 35)    | 183          | 127          |
| Utilizations / Others  | (183)        | 218          |
| <b>AS AT MARCH 31</b>  | <b>1 524</b> | <b>1 869</b> |



### 13. Taxes payable and receivable

At 31 December 2021 and 31 March 2022, these items were composed as follows:

|                                   | 31-12-2021   |               | 31-03-2022   |               |
|-----------------------------------|--------------|---------------|--------------|---------------|
|                                   | RECEIVABLE   | PAYABLE       | RECEIVABLE   | PAYABLE       |
| <b>NON CURRENT</b>                |              |               |              |               |
| Debt regularization               | 149          | -             | 61           | -             |
|                                   | <b>149</b>   | <b>-</b>      | <b>61</b>    | <b>-</b>      |
| <b>CURRENT</b>                    |              |               |              |               |
| Value-added tax                   | 2 117        | 12 682        | 4 814        | 13 135        |
| Income taxes                      | -            | 44 947        | -            | 54 438        |
| Personnel income tax withholdings | -            | 1 887         | -            | 4 489         |
| Social Security contributions     | -            | 1 887         | -            | 1 820         |
| Others                            | 421          | 123           | 422          | 56            |
|                                   | <b>2 538</b> | <b>61 526</b> | <b>5 236</b> | <b>73 938</b> |
|                                   | <b>2 687</b> | <b>61 526</b> | <b>5 297</b> | <b>73 938</b> |

At 31 December 2021 and 31 March 2022, the amounts of IRC (Corporate Income Tax) receivable and payable were composed as follows:

|                                   | 31-12-2021      | 31-03-2022      |
|-----------------------------------|-----------------|-----------------|
| Estimated current tax on income   | (25 829)        | (34 668)        |
| Tax processes                     | (42 167)        | (43 106)        |
| Payments on account               | 21 493          | 21 493          |
| Withholding income taxes          | 911             | 1 075           |
| Income taxes receivable from 2020 | -               | -               |
| Others                            | 645             | 768             |
|                                   | <b>(44 947)</b> | <b>(54 438)</b> |

In the quarter ended on 31 March 2022, the item "Tax processes" includes liabilities, related to ongoing tax processes, of which highlights:

- Future credits transferred: for the financial year ended at 31 December 2010, NOS SA was notified of the Report of Tax Inspection, when it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euros, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodization of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of 20 million euros in the calculation of taxable income between 2009 and 2013. Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that year, will eliminate the calculation of taxable income, to meet the annual amortization hired as part of the operation (20 million per year for 5 years). NOS SA challenged the decisions regarding the 2009 to 2013 fiscal year and will appeal for the judicial review in due time the decision regarding the 2008 to 2013 fiscal year. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavorably, in March 2014. The company has appealed.

In March 2021, NOS SA was notified of the dismissal issued by the Court of Appeal. Not accepting the decision, NOS filed a Review Appeal with the Supreme Administrative Court, pending, in this regard, the issuance of the respective admissibility order;

- Supplementary Capital: the fiscal authorities believe that NOS SA has broken the principle of full competition under the terms of (1) of Article 58 of the Corporate Tax Code (CIRC) – currently Article



63 -, by granting supplementary capital to its subsidiary NOS Towering, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007 of corrections to the determination of its taxable income in the total amount of 20.5 million euros. NOS SA contested the decision with regard to all the above-mentioned years. As for the year 2004, the Court has decided favorably. This decision is concluded (favorably), originating a reversal of provisions, in 2016, in the amount of 1.3 million euros plus interest. As for the years 2006 and 2007, the Porto Fiscal and Administrative Court has already decided unfavorably. As for the year 2005, the Court decided favorably, having been concretized by the Tax Authorities, which meant the provision reversal of one million euros, in 2018.

#### 14. Other non-current financial assets

On 31 December 2021 and 31 March 2022, this caption is composed as follows:

|                    | 31-12-2021   | 31-03-2022   |
|--------------------|--------------|--------------|
| Fundo TechTransfer | 637          | 686          |
| Seems Possible*    | 800          | 800          |
| Reckon.ai*         | 250          | 250          |
| Others             | 387          | 407          |
|                    | <b>2 074</b> | <b>2 143</b> |

\*Investments carried out through the "Fundo NOS 5G"

#### 15. Income tax expense

NOS and its subsidiaries are subject to IRC - Corporate Income Tax - at the rate of 21% on taxable amount (taxable profit less eventual tax losses subject to deduction), plus IRC surcharge at the maximum rate of 1.5% on taxable profit, giving an aggregate rate of approximately 22.5%. Additionally, following the introduction of austerity measures approved by Law 66-B/2012 of 31 December, and respective addendum published by Law 114/2017 of 29 December, this rate was raised by 3% and will be applied to the company's taxable profit between 1.5 million euros and 7.5 million euros, by 5% to the company's taxable profit which exceeds 7.5 million euros, and by 9% to the company's taxable profit above 35 million euros.

In the calculation of taxable income, amounts, which are not fiscally allowable, are added to or subtracted from the book results. These differences between accounting income and taxable income may be of a temporary or permanent nature.

NOS is taxed in accordance with the Special Regime for Taxation of Corporate Groups, which covers the companies in which it directly or indirectly holds at least 75% of their share capital and which fulfil the requirements of Article 69 of the IRC Code.

The companies covered by the Special Regime for Taxation of Corporate Groups in 2022 are:

- NOS (parent company)
- Empracine
- Lusomundo Imobiliária
- Lusomundo SII
- NOS Açores
- NOS Audiovisuais
- NOS Audiovisuais SGPS
- NOS Cinemas
- NOS Comunicações
- NOS Inovação
- NOS Internacional SGPS
- NOS Audio - Sales and Distribution

- NOS Madeira
- NOS Mediação de Seguros
- NOS Sistemas
- NOS Technology
- NOS Wholesale
- NOS Corporate Center
- NOS Property
- Per-mar
- Sontária

Under current legislation, tax declarations are subject to review and correction by tax authorities for a period of four years, except when tax losses have occurred or tax benefits have been obtained, whose term, in these cases, matches the deadline to use them. It should be noted that in the event of inspections, appeals, or disputes in progress, these periods might be extended or suspended.

The Board of Directors of NOS, based on information from its tax advisers, believes that these and any other revisions and corrections to these tax declarations, as well as other contingencies of a fiscal nature, will not have a significant effect on the consolidated financial statements as at 31 March 2022.

#### A) Deferred tax

NOS and its associated companies have reported deferred tax relating to temporary differences between the taxable basis and the book amounts of assets and liabilities, and tax losses carried forward at the date of the statement of financial position.

The movements in deferred tax assets and liabilities for the quarters ended on 31 March 2021 and 2022 were as follows:

|  | 31-12-2020    | INCOME<br>(NOTE B) | EQUITY       | 31-03-2021    |
|--|---------------|--------------------|--------------|---------------|
| <b>DEFERRED INCOME TAX ASSETS</b>  |               |                    |              |               |
| Impairment of other receivable   | 8 221         | (887)              | -            | 7 334         |
| Inventories  | 1 993         | (84)               | -            | 1 909         |
| Other provision and adjustments  | 44.698        | (1 100)            | -            | 43 598        |
| Intragroup gains   | 19 672        | (765)              | -            | 18 907        |
| Liabilities recorded as part of the allocation of fair value to the liabilities acquired in the merger | 4 979         | -                  | -            | 4 979         |
| Assets recognised under application of IFRS 16   | 2 994         | 429                | -            | 3 423         |
| Derivatives  | 225           | (22)               | (99)         | 104           |
|  | <b>82 782</b> | <b>(2 429)</b>     | <b>(99)</b>  | <b>80 254</b> |
| <b>DEFERRED INCOME TAX LIABILITIES</b>   |               |                    |              |               |
| Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger    | 2 592         | (44)               | -            | 2 548         |
| Derivatives  | -             | 59                 | 5            | 64            |
| Assets recognised under application of IFRS 16   | 36            | 10                 | -            | 46            |
| Others   | 2 397         | 65                 | -            | 2 462         |
|  | <b>5 025</b>  | <b>90</b>          | <b>5</b>     | <b>5 120</b>  |
| <b>NET DEFERRED TAX</b>  | <b>77 757</b> | <b>(2 519)</b>     | <b>(104)</b> | <b>75 134</b> |



|  | 31-12-2021    | INCOME<br>(NOTE B) | EQUITY      | 31-03-2022    |
|--|---------------|--------------------|-------------|---------------|
| <b>DEFERRED INCOME TAX ASSETS</b>  |               |                    |             |               |
| Impairment of other receivable   | 6 531         | 709                | -           | 7 240         |
| Inventories  | 2 539         | 106                | -           | 2 645         |
| Other provision and adjustments  | 41 645        | (201)              | -           | 41 444        |
| Intragroup gains   | 20 892        | (34)               | -           | 20 858        |
| Liabilities recorded as part of the allocation of fair value to the liabilities acquired in the merger | 4 968         | -                  | -           | 4 968         |
| Assets recognised under application of IFRS 16   | 4 739         | 454                | -           | 5 193         |
| Derivatives  | 76            | (10)               | (65)        | 1             |
|  | <b>81 390</b> | <b>1 024</b>       | <b>(65)</b> | <b>82 349</b> |
| <b>DEFERRED INCOME TAX LIABILITIES</b>   |               |                    |             |               |
| Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger    | 2 429         | (43)               | -           | 2 386         |
| Derivatives  | 116           | 62                 | 24          | 202           |
| Assets recognised under application of IFRS 16   | 23            | -                  | -           | 23            |
| Others   | 2 591         | 19                 | -           | 2 610         |
|  | <b>5 159</b>  | <b>38</b>          | <b>24</b>   | <b>5 221</b>  |
| <b>NET DEFERRED TAX</b>  | <b>76 231</b> | <b>986</b>         | <b>(89)</b> | <b>77 128</b> |

At 31 March 2022, the deferred tax assets related to the other provisions and adjustments are mainly due:

- Impairments and acceleration of amortizations beyond the acceptable fiscally and other adjustments in fixed tangible assets and intangible assets, amounted to 32.3 million euros (31 December 2021: 31.8 million euros); and
- Other provisions amounted to 8.9 million euros (31 December 2021: 9.6 million euros).

The revaluations of assets refer to the appreciation of telecommunications licenses and other assets at the merger of Group companies.

At 31 March 2022, deferred tax assets were not recognised for an amount of 0.5 million euros, corresponding mainly to tax incentives.

Deferred tax assets were recognised when it is probable that taxable profits will occur in future that may be used to absorb tax losses or deductible tax differences. This assessment was based on the business plans of the Group's companies, which are regularly revised and updated.

At 31 March 2022, the tax rate used to calculate the deferred tax assets relating to tax losses carried forward was 21% (2021: 21%). In the case of temporary differences, the rate used was 22.5% (2021: 22.5%) increased to a maximum of 6.5% (2021: 6.5%) of state surcharge when the taxation of temporary differences in the estimated period of application of the state surcharge was perceived as likely. Tax benefits, related to deductions from taxable income, are considered 100%, and in some cases, their full acceptance is conditional upon the approval of the authorities that grants such tax benefits.

Under the terms of Article 88 of the IRC Code, the Company is subject to autonomous taxation on a series of charges at the rates set out in that Article.

Additionally, under the terms of current legislation in Portugal, tax losses generated from 2012 to 2013 and from 2014 to 2016 may be carried forward for a period of five years and twelve years, respectively, after their occurrence and may be deducted from taxable profits generated during that period, up to a limit of 75% of the taxable profit, in 2012 and 2013, and 70% of taxable profit from 2014 to 2016. For tax losses generated in taxation periods that begin on or after 1 January 2017, the carryover is over a five-year period up to the limit of 70% of the taxable profit.



In view of the Supplementary Budget for 2020, tax losses generated in the taxable periods of 2020 and 2021 are reportable over a period of twelve years with a limit of 80% of taxable profit, the period for counting of tax losses in force, calculated before 2020, being suspended during these two periods.

**B) Effective tax rate reconciliation**

In the financial quarters ended on 31 March 2021 and 2022, the reconciliation between the nominal and effective rates of tax was as follows:

|                           | <b>3M 21</b> | <b>3M 22</b>  |
|---------------------------|--------------|---------------|
| Income before taxes       | 40 071       | 48 020        |
| Statutory tax rate        | 22,5%        | 22,5%         |
| <b>ESTIMATED TAX</b>      | <b>9 016</b> | <b>10 805</b> |
| Permanent differences     | (651)        | (1 165)       |
| Tax benefits              | -            | (1 550)       |
| State surcharge           | 1 806        | 1 675         |
| Autonomous taxation       | 151          | 137           |
| Others                    | (780)        | (2 959)       |
| <b>INCOME TAXES</b>       | <b>9 542</b> | <b>6 943</b>  |
| Effective Income tax rate | 23,8%        | 14,5%         |
| Income tax                | 7 023        | 7 929         |
| Deferred tax              | 2 519        | (986)         |
|                           | <b>9 542</b> | <b>6 943</b>  |

At 31 March 2021 and 2022, the permanent differences were composed as follows:

|                         | <b>3M 21</b>   | <b>3M 22</b>   |
|-------------------------|----------------|----------------|
| Equity method (Note 36) | (2 837)        | (5 307)        |
| Others                  | (58)           | 131            |
|                         | <b>(2 895)</b> | <b>(5 176)</b> |
|                         | 22,5%          | 22,5%          |
|                         | <b>(651)</b>   | <b>(1 165)</b> |

Additionally, the amount registered as fiscal benefits relates to the register of deferred taxes and the use of tax benefits for which there was no record of deferred taxes: SIFIDE (Business Research and Development Tax Incentives System), a tax benefit introduced by Law 40/2005 of 3 August and RFAI (Investment Tax Incentive Regime) introduced by Law 10/2009 of 10 March; and provisions for used tax incentives.



## 16. Inventories

At 31 December 2021 and 31 March 2022, this item was composed as follows:

|                                  | 31-12-2021     | 31-03-2022     |
|----------------------------------|----------------|----------------|
| <b>INVENTORIES</b>               |                |                |
| Telco                            | 52 467         | 59 905         |
| Audiovisuals                     | 482            | 466            |
|                                  | <b>52 949</b>  | <b>60 371</b>  |
| <b>IMPAIRMENT OF INVENTORIES</b> |                |                |
| Telco                            | (8 935)        | (9 300)        |
| Audiovisuals                     | -              | (14)           |
|                                  | <b>(8 935)</b> | <b>(9 314)</b> |
|                                  | <b>44 014</b>  | <b>51 057</b>  |

The movements occurred in impairment adjustments were as follows:

|   | 12M 20       | 12M 21       |
|---|--------------|--------------|
| <b>AS AT JANUARY 1</b>                                  | <b>6 869</b> | <b>8 935</b> |
| Increase and decrease - Cost of products sold (Note 33) | 305          | 486          |
| Utilizations / Others                                   | (336)        | (107)        |
| <b>AS AT MARCH 31</b>                                   | <b>6 838</b> | <b>9 314</b> |

## 17. Accounts receivable - trade

At 31 December 2021 and 31 March 2022, this item was as follows:

|                                | 31-12-2021     | 31-03-2022     |
|--------------------------------|----------------|----------------|
| Trade receivables              | 454 610        | 446 144        |
| Unbilled revenues              | 66 952         | 87 091         |
|                                | <b>521 562</b> | <b>533 235</b> |
| Impairment of trade receivable | (197 628)      | (202 320)      |
|                                | <b>323 934</b> | <b>330 915</b> |

The amounts to be invoiced correspond mainly to the value of contractual obligations already met or partially met and whose invoicing will occur subsequently.

The movements occurred in impairment adjustments were as follows:

|                                   | 3M 21          | 3M 22          |
|-----------------------------------|----------------|----------------|
| <b>AS AT JANUARY 1</b>            | <b>190 287</b> | <b>197 628</b> |
| Increases and decreases (Note 35) | 3 791          | 4 597          |
| Penalties                         | 3 464          | 3 955          |
| Utilizations / Others             | (1 406)        | (3 860)        |
| <b>AS AT DECEMBER 31</b>          | <b>196 136</b> | <b>202 320</b> |



Penalties correspond to the invoiced penalties, in the period, for which the full expected credit losses are registered, and the register was made by deduction from the respective revenue.

## 18. Contract assets

At 31 March 2022, the contract assets, in the amount of 60.9 million euros (31 December 2021: 61.8 million euros), correspond to discounts, attributed to customers at the time of the sale of equipment (included in the telecommunications packages) and which are allocated to monthly fees / services rendered, within the scope of the allocation of credits to different types of performance obligations, according to IFRS 15. These assets are deferred, at the time of sale of the equipment, and recognised over the contract period (service rendered).

## 19. Prepaid expenses

At 31 December 2021 and 31 March 2022, this item was composed as follow:

|   | 31-12-2021    | 31-03-2022    |
|---|---------------|---------------|
| Programming costs i)  | 18 473        | 18 502        |
| Expenditure related to specific projects of corporate clients | 9 010         | 9 726         |
| Costs of litigation procedure activity ii)                    | 4 750         | 5 151         |
| Maintenance and repair  | 927           | 4 332         |
| Insurance   | 1 038         | 1 129         |
| Advertising   | 872           | 443           |
| Others iii)   | 9 808         | 14 758        |
|   | <b>44 878</b> | <b>54 041</b> |

- i) Programming costs correspond to costs inherent to the availability of channels, namely fixed fees, billed in advance. This cost is recognised in the period in which the channel is made available and transmitted, and recognised as a programming cost, in the Consolidated Income Statement.
- ii) Deferred costs related to collection actions correspond to services paid in advance to external entities as part of the processes for recovering customer debts / collection actions. These costs are recognised as the service is provided.
- iii) "Others" includes deferred costs, mainly related to expenses to be recognised from various supplies and external services, such as specialized works, maintenance and repair work and others, billed in advance by suppliers (quarterly or annual billing), the respective expense being recognised in the income statement as the service is provided.



## 20. Derivative financial instruments

### Interest rate derivatives

At 31 March 2022, NOS does not have any interest rate swap (31 December 2021: 150 million euros).

### Own shares derivatives

At 31 March 2022, NOS had contracted two own shares derivatives, in the amount of 2,106 thousand euros (31 December 2021: 3,004 thousand euros), maturing in March 2023 and 2024, to cover the delivery of share plans liquidated in cash.

### Exchange rate derivatives

At the date of the statement of the financial position there are foreign currency forwards open worth 8,626 thousand euros (31 December 2021: 6,268 thousand euros), whose fair value amounts to 396 thousand euros (31 December 2021: 313 thousand euros).

|                       | 31-12-2021     |           |             |             |             |
|-----------------------|----------------|-----------|-------------|-------------|-------------|
|                       | NOTIONAL       | ASSETS    |             | LIABILITIES |             |
|                       |                | CURRENT   | NON CURRENT | CURRENT     | NON CURRENT |
| Interest rate swaps   | 150 000        | -         | -           | 10          | -           |
| Equity Swaps          | 3 004          | -         | 105         | 323         | -           |
| Exchange rate forward | 6 268          | 61        | 256         | 4           | -           |
|                       | <b>159 272</b> | <b>61</b> | <b>361</b>  | <b>337</b>  | -           |

|                       | 31-03-2022    |            |             |             |             |
|-----------------------|---------------|------------|-------------|-------------|-------------|
|                       | NOTIONAL      | ASSETS     |             | LIABILITIES |             |
|                       |               | CURRENT    | NON CURRENT | CURRENT     | NON CURRENT |
| Equity swaps          | 2 106         | 154        | 228         | -           | -           |
| Exchange rate forward | 8 626         | 168        | 232         | 4           | -           |
|                       | <b>10 732</b> | <b>322</b> | <b>460</b>  | <b>4</b>    | -           |

Movements during the quarters ended on 31 March 2021 and 2022 were as follows:

|                                  | 31-12-2020     | RESULT      | EQUITY       | 31-03-2021   |
|----------------------------------|----------------|-------------|--------------|--------------|
| Fair value interest rate swaps   | (51)           | -           | 9            | (42)         |
| Fair value exchange rate forward | -              | 120         | 22           | 142          |
| Fair value equity swaps          | (950)          | 207         | 431          | (312)        |
| <b>DERIVATIVES</b>               | <b>(1 001)</b> | <b>327</b>  | <b>462</b>   | <b>(212)</b> |
| Deferred income tax liabilities  | -              | (59)        | (5)          | (64)         |
| Deferred income tax assets       | 225            | (22)        | (99)         | 104          |
| <b>DEFERRED INCOME TAX</b>       | <b>225</b>     | <b>(81)</b> | <b>(104)</b> | <b>40</b>    |
|                                  | <b>(776)</b>   | <b>246</b>  | <b>358</b>   | <b>(172)</b> |



|                                  | 31-12-2021  | RESULT      | EQUITY      | 31-03-2022   |
|----------------------------------|-------------|-------------|-------------|--------------|
| Fair value interest rate swaps   | (10)        | -           | 10          | -            |
| Fair value exchange rate forward | 313         | 1           | 82          | 396          |
| Fair value equity swaps          | (218)       | 319         | 281         | 382          |
| <b>DERIVATIVES</b>               | <b>85</b>   | <b>320</b>  | <b>373</b>  | <b>778</b>   |
| Deferred income tax liabilities  | (116)       | (62)        | (24)        | (202)        |
| Deferred income tax assets       | 76          | (10)        | (65)        | 1            |
| <b>DEFERRED INCOME TAX</b>       | <b>(40)</b> | <b>(72)</b> | <b>(89)</b> | <b>(201)</b> |
|                                  | <b>45</b>   | <b>248</b>  | <b>284</b>  | <b>577</b>   |

## 21. Cash and cash equivalents

At 31 December 2021 and March 2022, this item was composed as follows:

|  | 31-12-2021    | 31-03-2022    |
|--|---------------|---------------|
| Cash   | 523           | 438           |
| Other deposits                                     | 125           | -             |
| Terms deposits i)                                  | 10 254        | 15 059        |
| <b>Cash and cash equivalents</b>                   | <b>10 902</b> | <b>15 497</b> |
| Bank overdrafts (Note 24)                          | 731           | 2 592         |
| <b>Cash and cash equivalents</b>                   | <b>10 171</b> | <b>12 905</b> |
| <b>for the purposes of the Cash Flow Statement</b> |               |               |

i) At 31 December 2021 and March 2022, there are 8.4 million euros and 8.3 million euros, respectively, recorded in the item "Current deposits" whose use is restricted, because they are held by the Capital Fund NOS 5G, subscribed by NOS.

## 22. Shareholder's equity

### 22.1. Share capital

At 31 December 2021 and 31 March 2022, the share capital of NOS was 5,151,613.80 euros, represented by 515,161,380 shares registered book-entry shares, with a nominal value of 1 euro cent per share.

The main shareholders as of 31 December 2021 and 31 March 2022 are:

|                             | 31-12-2021         |                 | 31-03-2022         |                 |
|-----------------------------|--------------------|-----------------|--------------------|-----------------|
|                             | NUMBER OF SHARES   | % SHARE CAPITAL | NUMBER OF SHARES   | % SHARE CAPITAL |
| ZOPT, SGPS, SA i)           | 268 644 537        | 52.15%          | 268 644 537        | 52.15%          |
| Sonae, SGPS, S.A. ii)       | 38 000 000         | 7.38%           | 38 000 000         | 7.38%           |
| Mubadala Investment Company | 25 758 569         | 5.00%           | 25 758 569         | 5.00%           |
| <b>TOTAL</b>                | <b>332 403 106</b> | <b>64.52%</b>   | <b>332 403 106</b> | <b>64.52%</b>   |



- i) In accordance with subparagraphs 1.b) and 1.c) of Article 20 and Article 21 of the Portuguese Securities Code, a qualified shareholding of 52.15% of the share capital and voting rights of company, calculated in accordance with Article 20 of the Securities Code, is attributable to ZOPT SGPS, S.A., Sonaecom SGPS S.A. and the following entities:
  - a. Kento Holding Limited and Unitel International Holdings B.V., as well as Isabel dos Santos, being (i) Kento Holding Limited and Unitel International Holdings, B.V., companies directly and indirectly controlled by Isabel dos Santos, and (ii) ZOPT SGPS S.A., a jointly controlled company by its shareholders Kento Holding Limited, Unitel International Holdings B.V. and Sonaecom SGPS S.A., under the shareholder agreement signed between them;
  - b. Entities in a control relationship with Sonaecom SGPS S.A., namely, SONTEL, BV and SONAE, SGPS, S.A, companies directly and indirectly controlled by Efanor Investimentos, SGPS, S.A., also due of such control and of the shareholder agreement mentioned in a.;
- ii) According to the announcement disclosed to CMVM, on 19 August 2020.

## **22.2. Capital issued premium**

On 27 August 2013, following the completion of the merger between ZON and Optimus SGPS, the Company's share capital was increased by 856,404,278 euros, corresponding to the total number of issued shares (206,064,552 shares), based on the closing market price of 27 August 2013. The capital increase is detailed as follows:

- share capital in the amount of 2,060,646 euros;
- premium for issue of shares in the amount of 854,343,632 euros.

Additionally, the premium for issue of shares was deducted for an amount of 125 thousand euros related to costs with the respective capital increase.

- The capital issued premium is subject to the same rules as for legal reserves and can only be used:
- To cover part of the losses on the balance of the year that cannot be covered by other reserves;
- To cover part of the losses carried forward from the previous year that cannot be covered by the net income of the year or by other reserves;
- To increase the share capital.

## **22.3. Own shares**

Company law regarding own shares requires the establishment of a non-distributable reserve of an amount equal to the purchase price of such shares, which becomes frozen until the shares are disposed of or distributed. In addition, the applicable accounting rules determine that gains or losses on the disposal of own shares are stated in reserves.

At 31 March 2022 there were 3,048,473 own shares, representing 0.5918% of share capital (31 December 2021: 3,002,427 own shares, representing 0.5828% of the share capital).

The movements occurred in the quarters ended on 31 March 2021 and 2022 were as follows:

|   | QUANTITY         | VALUE         |
|---|------------------|---------------|
| <b>BALANCE AS AT 1 JANUARY 2021</b>                 | <b>3 424 754</b> | <b>14 859</b> |
| Acquisition of own shares                           | 687 000          | 2 069         |
| Distribution of own shares - share incentive scheme | (941 393)        | (3 884)       |
| Distribution of own shares - other remunerations    | (143 648)        | (591)         |
| <b>BALANCE AS AT 31 MARCH 2021</b>                  | <b>3 026 713</b> | <b>12 453</b> |
| <b>BALANCE AS AT 1 JANUARY 2022</b>                 | <b>3 002 427</b> | <b>12 353</b> |
| Acquisition of own shares                           | 898 333          | 3 358         |
| Distribution of own shares - share incentive scheme | (781 379)        | (3 147)       |
| Distribution of own shares - other remunerations    | (70 908)         | (286)         |
| <b>BALANCE AS AT 31 MARCH 2022</b>                  | <b>3 048 473</b> | <b>12 278</b> |

## 22.4. Reserves

### Legal reserve

Company law and NOS Articles of Association establish that at least 5% of the Company's annual net profit must be used to build up the legal reserve until it corresponds to 20% of the share capital. This reserve cannot be distributed except in the event of liquidation of the company, but it may be used to absorb losses after all other reserves have been exhausted, or for incorporation in the share capital.

### Other reserves

Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of the company prepared in accordance with IAS / IFRS. Thus, on 31 March 2022 NOS had reserves, which by their nature are considered distributable for an amount of approximately 488.3 million euros, not including the net income.

## 23. Non-controlling interests

The movements of the non-controlling interests occurred during the quarters ended on 31 March 2021 and 2022 and the results attributable to non-controlling interests for the year are as follows:

|             | 31-12-2020   | ATTRIBUTABLE PROFITS | OTHERS     | 31-03-2021   |
|-------------|--------------|----------------------|------------|--------------|
| NOS Madeira | 5 320        | 11                   | (5)        | 5 326        |
| NOS Açores  | 1 365        | (30)                 | (1)        | 1 334        |
|             | <b>6 685</b> | <b>(19)</b>          | <b>(6)</b> | <b>6 660</b> |

|             | 31-12-2021   | ATTRIBUTABLE PROFITS | OTHERS     | 31-03-2022   |
|-------------|--------------|----------------------|------------|--------------|
| NOS Madeira | 5 289        | 6                    | (3)        | 5 292        |
| NOS Açores  | 1 090        | (37)                 | (1)        | 1 052        |
|             | <b>6 379</b> | <b>(31)</b>          | <b>(4)</b> | <b>6 344</b> |



## 24. Borrowings

At 31 December 2021 and 31 March 2022, the composition of borrowings was as follows:

|                                       | 31-12-2021     |                  | 31-03-2022     |                  |
|---------------------------------------|----------------|------------------|----------------|------------------|
|                                       | CURRENT        | NON-CURRENT      | CURRENT        | NON-CURRENT      |
| <b>LOANS - NOMINAL VALUE</b>          | <b>233 064</b> | <b>807 500</b>   | <b>97 125</b>  | <b>947 500</b>   |
| Debenture loan                        | 150 000        | 440 000          | -              | 515 000          |
| Commercial paper                      | 64 000         | 367 500          | 76 200         | 432 500          |
| Foreign loans                         | 18 333         | -                | 18 333         | -                |
| Bank overdrafts                       | 731            | -                | 2 592          | -                |
| <b>LOANS - ACCRUALS AND DEFERRALS</b> | <b>2 678</b>   | <b>(638)</b>     | <b>1 929</b>   | <b>(516)</b>     |
| <b>LOANS - AMORTISED COST</b>         | <b>235 742</b> | <b>806 862</b>   | <b>99 054</b>  | <b>946 984</b>   |
| <b>LEASES</b>                         | <b>65 326</b>  | <b>468 679</b>   | <b>66 409</b>  | <b>462 399</b>   |
|                                       | <b>301 068</b> | <b>1 275 541</b> | <b>165 463</b> | <b>1 409 383</b> |

During the quarter ended on 31 March 2022, the average cost of debt of the used lines was approximately 1.1% (2021: 1.2%).

The average global financing cost (used and unused lines) during the quarter ended on 31 March 2022 was approximately 1.2% (2021: 1.4%).

At 31 March 2022 there is no default in terms of capital, interest, conditions for redemption on loans payable or other commitments.

### 24.1. Debenture loans

At 31 March 2022, NOS has a total amount of 515 million euros of bonds issued:

- A bond issue for an amount of 300 million euros in May 2018, whose maturity occurs in May 2023. The issue bears interest at a fix rate and it is paid annually.
- A bond loan in the amount 50 million euros placed by BPI bank in June 2019 and maturing in June 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount 50 million euros placed by Caixa Geral de Depósitos in July 2019 and maturing in July 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount 25 million euros placed by Medio Banca in July 2019 and maturing in July 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount of 15 million euros placed by BPI in July 2021 and maturing in July 2026. The loan bears interest at a variable rate, indexed to the Euribor and paid on a quarterly basis.
- A bond loan in the amount of 75 million euros placed by Caixa Geral de Depósitos in March 2022 and maturing in March 2027. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.

In March 2022, NOS contracted a bond loan, in the amount of 75 million euros, placed by BPI. It will be issued in July 2022 and maturing in March 2027. The loan bears interest at a variable rate, indexed to Euribor and paid quarterly.

At 31 March 2022, an amount of 2,152 thousand euros, corresponding to interest and commissions, was added to this amount and recorded in the item "Loans - accruals and deferrals".

### 24.2. Commercial paper

At 31 March 2022, the Company has borrowings of 508.7 million euros in the form of commercial paper, of



which 26.2 million euros were issued under securities without underwriting. The total amount contracted, under underwriting securities, is of 760 million euros, corresponding to 14 programmes, with 6 banks, 622.5 million euros of which bear interest at market rates and 137.5 million euros are issued in fixed rate. Commercial paper programmes with maturities over one-year totaling 710 million euros (of which 432.5 million euros have been used as of 31 March 2022) are classified as non-current, since the Company can renew unilaterally current issues on or before the programmes' maturity dates and because they are underwritten by the organizer. As such, this amount, although having a current maturity, it was classified as non-current for presentation purposes in the financial position statement.

At 31 March 2022 an amount of 613 thousand euros, corresponding to interest and commissions, was deducted to this amount, and recorded in the item "Loans - accruals and deferrals".

### 24.3. Foreign loans

In November 2013, NOS signed a Finance Contract with the European Investment Bank for an amount of 110 million euros to support the development of the mobile broadband network in Portugal. In June 2014, the total amount of funds was used. This contract matures in a maximum period of 8 years from the use of the funds, with partial amortizations of 18.3 million euros per year as of June 2017. At 31 March 2022, the amount in borrowings corresponds to 18.3 million euros.

At 31 March 2022, an amount of 126 thousand euros was deducted from this amount, corresponding to the benefit associated with the fact that the loan with BEI is at a subsidized rate.

All bank borrowings contracted (apart from BEI loan of 18.3 million euros, from public issuance of bonds of 300 million euros from two commercial paper program of 37.5 and 100 million euros issued in fixed rate, besides finance leases) are negotiated at variable short-term interest rates and their book value is therefore broadly similar to their fair value.

### 24.4. Leases

At 31 December 2021 and 31 March 2022, the leases refer mainly to rental agreements for telecommunications towers, movie theaters, equipment, shops and vehicles, exclusive acquisition of satellite capacity and rights to use distribution network capacity.

#### Leases - payments

|   | 31-12-2021     | 31-03-2022     |
|---|----------------|----------------|
| Until 1 year                              | 89 711         | 90 462         |
| Between 1 and 5 years                     | 256 137        | 253 650        |
| Over 5 years                              | 369 302        | 360 640        |
|   | <b>715 150</b> | <b>704 752</b> |
| Future financial costs (lease)            | (181 145)      | (175 944)      |
| <b>PRESENT VALUE OF LEASE LIABILITIES</b> | <b>534 005</b> | <b>528 808</b> |

#### Leases - present value

|                       | 31-12-2021     | 31-03-2022     |
|-----------------------|----------------|----------------|
| Until 1 year          | 65 326         | 66 409         |
| Between 1 and 5 years | 355 677        | 176 899        |
| Over 5 years          | 113 002        | 285 500        |
|                       | <b>534 005</b> | <b>528 808</b> |



The maturities of the loans obtained are as follows:

|                  | 31-12-2021      |                             |                | 31-03-2022      |                             |                 |
|------------------|-----------------|-----------------------------|----------------|-----------------|-----------------------------|-----------------|
|                  | UNTIL 1<br>YEAR | BETWEEN<br>1 AND 5<br>YEARS | OVER 5 YEARS   | UNTIL 1<br>YEAR | BETWEEN<br>1 AND 5<br>YEARS | OVER 5<br>YEARS |
| Debenture loan   | 152 511         | 439 385                     | -              | 2 649           | 514 503                     | -               |
| Commercial paper | 64 410          | 367 477                     | -              | 75 606          | 432 481                     | -               |
| Foreign loans    | 18 090          | -                           | -              | 18 207          | -                           | -               |
| Bank overdrafts  | 731             | -                           | -              | 2 592           | -                           | -               |
| Leases           | 65 326          | 355 677                     | 113 002        | 66 409          | 176 899                     | 285 500         |
|                  | <b>301 068</b>  | <b>1 162 539</b>            | <b>113 002</b> | <b>165 463</b>  | <b>1 123 883</b>            | <b>285 500</b>  |

## 25. Provisions

At 31 December 2021 and 31 March 2022, the provisions were as follows:

|  | 31-12-2021    | 31-03-2022    |
|--|---------------|---------------|
| Litigation and other - i)                | 32 468        | 30 699        |
| Financial investments - ii)              | 1 075         | 1 075         |
| Dismantling and removal of assets - iii) | 22 326        | 22 442        |
| Contingent liabilities - iv)             | 23 707        | 23 707        |
| Contingencies - other - v)               | 2 940         | 2 851         |
|  | <b>82 516</b> | <b>80 774</b> |

- i) At 31 March 2022, the amount under the item "Litigation and other" corresponds to provisions to cover the legal and others claims in-progress.
- ii) The amount presented in the "Financial Investments" caption corresponds to the responsibilities assumed by the Group towards the associated companies and jointly controlled entities, other than the investment made (Note 11);
- iii) The amount under the item "Dismantling and removal of assets" refers to the estimated future costs discounted to the present value, related with the termination of the use of the space where there are telecommunication towers and cinemas;
- iv) The amount in the item "Contingent liabilities" refers to several provisions recorded for present but not likely obligations, related to the merger by incorporation of Optimus SGPS, namely:
  - a. Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU): The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law no 35/2012, of 23 August. From 1995 until June 2014, MEO, SA (former PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the government, i.e. without a formal contest procedure led by the government for that effect, which constitutes an illegality, by the way acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3 million euros for illegally designating MEO. In accordance with Article 18 of the abovementioned Law



35/2012, of 23 August, the net costs incurred by the operator responsible for providing the universal service, approved by ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that MEO has been requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. In accordance with law, the compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requests the Government compensation for the net costs approved under the terms previously mentioned.

Therefore:

- In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by MEO, relative to the period from 2007 to 2009, in a total amount of 66.8 million euros, a decision that was contested by the Company. In January 2015, ANACOM issued the settlement notes in the amount of 18.6 million euros related to NOS, SA, NOS Madeira and NOS Açores which were contested by NOS and for which a bail was presented by NOS SGPS (Note 46) to avoid Tax Execution Proceedings. The guarantees have been accepted by ANACOM.
- In 2014, ANACOM deliberated to approve the final results of the CLSU audit by MEO, relative to the period from 2010 to 2011, in a total amount of 47.1 million euros, a decision also contested by NOS. In February 2016, ANACOM issued the settlement notes in the amount of 13 million euros, related to NOS, SA, NOS Madeira and NOS Açores which were also contested and for which it was before also presented bail by NOS SGPS in order to avoid the promotion of respective tax enforcement processes. The guarantees that have been accepted by ANACOM.
- In 2015, ANACOM deliberated to approve the final results of the audit to CLSU presented by MEO relative to the period from 2012 to 2013, in the amount of 26 million euros and 20 million euros, respectively, and as the others, it was contested by NOS. In December 2016, the notices of settlement were issued relating to NOS, SA, NOS Madeira and NOS Açores, corresponding to that period, in the amount of 13.6 million euros which were contested by NOS and for which guarantees have been already presented by NOS SGPS in order to avoid the promotion of the respective proceedings of tax execution. The guarantees were also accepted by ANACOM.
- In 2016, ANACOM approved the results of the audit to the CLSU presented by MEO related with the period between January and June 2014, for an amount of 7.7 million euros that was contested by NOS, in standard terms.
- In 2017, NOS, SA, NOS Madeira and NOS Açores were notified of the decision of ANACOM concerning the entities that are obliged to contribute toward the compensation fund and the setting of the values of contributions corresponding to CLSU that must be compensated and relating to the months of 2014 in which MEO still remained as provider of the Universal Service, which establishes for all these companies a contribution around 2.4 million euros. In December 2017, the settlement notes relating to NOS, SA, NOS Madeira and NOS Açores, concerning that period, were issued in the amount of approximately 2.4 million euros, which were challenged by NOS and for which guarantees have also been presented by NOS SGPS, in order to avoid the promotion of their tax enforcement procedures. The guarantees were also accepted by ANACOM.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to Universal Service (not designated through a tender procedure) flagrantly violate the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese



domestic law. For these reasons, NOS has judicially challenged either the approval of audit results of the universal service net cost related with the pre-contest period as well as the liquidation of each and every extraordinary contributions that may be required. In September 2021, the Lisbon Administrative Circle Court ruled as unfounded the action regarding the administrative challenge of the results of the CLSU 2007-2009 audit, which NOS appealed in October 2021. The Board of Directors is convinced it will be successful in both challenges and appeals undertaken;

v) The amount under the caption "Contingencies - other" refers to provisions for risks related to miscellaneous events/disputes of various kinds, the settlement of which may result in outflows of cash, and other likely liabilities related to several transactions from previous periods, and whose outflow of cash is probable, namely, costs charged to the current period or previous years, for which it is not possible to estimate reliably the time of occurrence of the expense.

During the financial quarter ended on 31 March 2022, movements in provisions were as follows:

|                                   | 31-12-2020    | INCREASES    | DECREASES   | OTHERS         | 31-03-2021    |
|-----------------------------------|---------------|--------------|-------------|----------------|---------------|
| Litigation and other              | 24 756        | 623          | (11)        | -              | 25 368        |
| Dismantling and removal of assets | 21 604        | 104          | -           | -              | 21 708        |
| Contingent liabilities            | 23 720        | -            | -           | -              | 23 720        |
| Contingencies - other             | 3 265         | 4 018        | -           | (5 053)        | 2 230         |
|                                   | <b>73 345</b> | <b>5 820</b> | <b>(11)</b> | <b>(5 053)</b> | <b>73 026</b> |

During the quarter ended on 31 March 2021, increases refer mainly to provisions for legal claims and others plus respective interests and charges, and the decreases refer mainly to the reassessment of several contingencies.

During the quarter ended on 31 March 2022, movements in provisions, were as follows:

|                                   | 31-12-2021    | INCREASES    | DECREASES      | OTHERS         | 31-03-2022    |
|-----------------------------------|---------------|--------------|----------------|----------------|---------------|
| Litigation and other              | 32 468        | 563          | (2 332)        | -              | 30 699        |
| Financial investments             | 1 075         | -            | -              | -              | 1 075         |
| Dismantling and removal of assets | 22 326        | 116          | -              | -              | 22 442        |
| Contingent liabilities            | 23 707        | -            | -              | -              | 23 707        |
| Contingencies - other             | 2 940         | 942          | -              | (1 031)        | 2 851         |
|                                   | <b>82 516</b> | <b>1 621</b> | <b>(2 332)</b> | <b>(1 031)</b> | <b>80 774</b> |

During the quarter ended on 31 March 2022, the increases refer mainly to compensation to employees, provisions for legal and other claims plus interests and charges, and the decreases refer mainly to the reassessment and prescription of several legal contingencies.

The movements recorded in "Others", under the heading "Contingencies - other" correspond, predominantly, to compensations to employees.

The net movements for the quarter ended on 31 March 2021 and 2022 reflected in the income statement under Provisions were as follows:



|  | 12M 20       | 31-03-2022   |
|--|--------------|--------------|
| Provisions and adjustments (Note 35)           | 304          | 118          |
| Other losses / (gains) non-recurrent (Note 38) | 3 992        | 934          |
| Interests - dismantling                        | 104          | 116          |
| Other  | 334          | (1 879)      |
| <b>INCREASES AND DECREASES IN PROVISIONS</b>   | <b>4 734</b> | <b>(711)</b> |

## 26. Accrued expenses

At 31 December 2021 and 31 March 2022, this item was composed as follows:

|  | 31-12-2021     | 31-03-2022     |
|--|----------------|----------------|
| <b>NON-CURRENT</b>                                       |                |                |
| Others   | 497            | -              |
|  | <b>497</b>     | <b>-</b>       |
| <b>CURRENT</b>   |                |                |
| Invoices to be issued by operators i)                    | 31 365         | 33 443         |
| Costs related to specific projects of business customers | 20 775         | 29 900         |
| Investments in tangible and intangible assets            | 18 689         | 26 822         |
| Vacation pay and bonuses                                 | 23 020         | 21 774         |
| Content and film rights                                  | 16 810         | 16 881         |
| Professional services                                    | 11 087         | 15 326         |
| Advertising  | 16 567         | 12 926         |
| Programming services                                     | 12 370         | 12 640         |
| Taxes (ANACOM and Cinema Law) ii)                        | 298            | 8 570          |
| Comissions   | 5 761          | 6 479          |
| Energy and water   | 3 427          | 4 846          |
| Costs of litigation procedure activity                   | 4 705          | 4 019          |
| Maintenance and repair                                   | 1 963          | 1 748          |
| Other accrued expenses                                   | 8 947          | 8 947          |
|  | <b>175 784</b> | <b>204 321</b> |

- i) Amounts related to invoices to be billed by operators, mainly international operators, regarding interconnection costs related with international traffic and roaming services.
- ii) Amounts related to ANACOM licenses and other ICA fees, whose invoicing is processed annually on a subsequent basis.



## 27. Deferred income

At 31 December 2021 and 31 March 2022, this item was composed as follows:

|                        | 31-12-2021    |              | 31-03-2022    |              |
|------------------------|---------------|--------------|---------------|--------------|
|                        | CURRENT       | NON-CURRENT  | CURRENT       | NON-CURRENT  |
| Advanced billing i)    | 35 206        | -            | 35 393        | -            |
| Investment subsidy ii) | 397           | 4 230        | 397           | 3 802        |
|                        | <b>35 603</b> | <b>4 230</b> | <b>35 790</b> | <b>3 802</b> |

- i) This item relates mainly to the billing of Pay TV services regarding the following month to the report period and amounts received from NOS Comunicações, SA customers, related with the recharges of mobile phones and purchase of telecommunications minutes yet unused.
- ii) Deferred income related to the implicit subsidy when the BEI loans were obtained at interest rates below market value (Note 24).

## 28. Accounts payable - trade

At 31 December 2021 and 31 March 2022, this item was composed as follows:

|                                      | 31-12-2021     | 31-03-2022     |
|--------------------------------------|----------------|----------------|
| Suppliers current account            | 279 138        | 275 282        |
| Invoices in reception and conference | 855            | 2 639          |
|                                      | <b>279 993</b> | <b>277 921</b> |

## 29. Accounts payable - other

At 31 December 2021 and 31 March 2022, this item was composed as follows:

|                         | 31-12-2021    | 31-03-2022    |
|-------------------------|---------------|---------------|
| <b>NON-CURRENT</b>      |               |               |
| Contractual rights ii)  | 38 502        | 38 502        |
| Others                  | -             | 68            |
|                         | <b>38 502</b> | <b>38 570</b> |
| <b>CURRENT</b>          |               |               |
| Fixed assets suppliers  | 32 422        | 25 826        |
| Contractual rights      | 264           | 522           |
| Advances from customers | 220           | 174           |
| Others                  | 2 733         | 3 707         |
|                         | <b>35 639</b> | <b>30 229</b> |
|                         | <b>74 141</b> | <b>68 799</b> |



The caption Contractual Rights refers to the liability to settle over the next 20 years, related with the contractual right acquired with the agreement celebrated between NOS Comunicações, S.A., NOS Technology S.A., and Vodafone Portugal, Comunicações Pessoais, S.A with the aim of sharing mobile support network infrastructures (passive infrastructure such as towers and masts) and active mobile network (active radio equipment such as antennas, amplifiers and other equipment), as disclosed to the market on 22 October 2020.

### 30. Operating revenues

Consolidated operating revenues, for the quarters ended on 31 March 2021 and 2022, were as follows:

|   | 3M 21          | 3M 22          |
|---|----------------|----------------|
| Communications service revenues i)                      | 301 539        | 312 357        |
| Revenue distribution and cinematographic exhibition ii) | 145            | 5 203          |
| Advertising revenue iii)                                | 3 524          | 4 173          |
| Production and distribution of content and channels iv) | 6 657          | 5 508          |
| Others  | 619            | 729            |
|   | <b>312 484</b> | <b>327 970</b> |
| Telco v)  | 19 336         | 35 967         |
| Audiovisuals and cinema exhibition vi)                  | 260            | 1 958          |
|   | <b>19 596</b>  | <b>37 925</b>  |
| Telco   | 4 850          | 7 343          |
| Audiovisuals and cinema exhibition                      | 501            | 129            |
|   | <b>5 351</b>   | <b>7 472</b>   |
|   | <b>337 431</b> | <b>373 367</b> |

These operating revenues are shown net of inter-company eliminations.

- i) This item mainly includes revenue relating to: (a) basic channel subscription packages that can be sold in a bundle with fixed broadband/fixed voice services; (b) premium channel subscription packages and S-VOD; (c) terminal equipment rental; (d) consumption of content (VOD); (e) traffic and mobile and fixed voice termination; (f) service activation; (g) mobile broadband access; and (h) other additional services (ex: firewall, antivirus) and services rendered related to datacenter management and consulting services in IT.
- ii) This item mainly includes (a) box office revenue at the NOS Cinemas, and (b) revenue relating to film distribution to other cinema exhibitors in Portugal.
- iii) This item includes advertising revenues on television channels and NOS cinemas.
- iv) This item includes revenues related to production of audiovisual content, thought the compilation of acquired contents, and distribution of channels, essentially TVCines.
- v) Revenue relating to the sale of terminal equipment, telephones, and mobile phones.
- vi) This item mainly includes sales of bar products by NOS Cinemas and DVD sales.

This item includes earned income related with non-compliances and contractual penalties, as well as other supplementary income of diverse natures.



### 31. Wages and salaries

In the quarters ended on 31 March 2021 and 2022, this item was composed as follows:

|                 | 3M 21         | 3M 22         |
|-----------------|---------------|---------------|
| Remuneration    | 15 681        | 15 292        |
| Social taxes    | 4 133         | 4 186         |
| Social benefits | 525           | 495           |
| Other           | 166           | 319           |
|                 | <b>20 505</b> | <b>20 292</b> |

In the quarters ended on 31 March 2021 and 2022, the average number of employees of the companies included in the consolidation was 2,192 and 2,289, respectively. At 31 March 2022, the number of employees of the companies included in the consolidation was 2,269 employees.

The costs of compensations paid to employees, since they are non-recurring costs, are recorded in the item "Restructuring costs" (Note 38).

### 32. Direct Costs

In the quarters ended on 31 March 2021 and 2022, this item was composed as follows:

|   | 3M 21         | 3M 22         |
|---|---------------|---------------|
| Exhibition costs                              | 48 220        | 45 107        |
| Traffic costs                                 | 17 057        | 15 780        |
| Costs related to corporate customers services | 10 004        | 12 425        |
| Capacity costs                                | 4 021         | 4 299         |
| Shared advertising revenues                   | 2 510         | 2 910         |
|   | <b>81 812</b> | <b>80 521</b> |

### 33. Cost of products sold

In the quarters ended on 31 March 2021 and 2022, this item was composed as follows:

|  | 3M 21         | 3M 22         |
|--|---------------|---------------|
| Costs of products sold                                       | 17 040        | 34 587        |
| Increases / (decreases) in inventories impairments (Note 16) | 305           | 486           |
|  | <b>17 345</b> | <b>35 073</b> |



### 34. Support services and supplies and external services

In the quarters ended on 31 March 2021 and 2022, this item was composed as follows:

|  | 3M 21         | 3M 22         |
|--|---------------|---------------|
| <b>SUPPORT SERVICES:</b>                       |               |               |
| Call centers and customer support              | 9 523         | 8 492         |
| Administrative support and others              | 7 812         | 8 438         |
| Information systems                            | 3 540         | 3 700         |
|  | <b>20 875</b> | <b>20 630</b> |
| <b>SUPPLIES AND EXTERNAL SERVICES:</b>         |               |               |
| Maintenance and repair                         | 10 140        | 11 783        |
| Leasing of ducts and poles                     | 6 851         | 7 145         |
| Electricity                                    | 3 910         | 6 919         |
| Professional services                          | 2 827         | 2 691         |
| Installation and removal of terminal equipment | 962           | 1 347         |
| Communications                                 | 1 073         | 981           |
| Travel and accommodation                       | 171           | 442           |
| Other supplies and external services           | 3 299         | 6 865         |
|  | <b>29 232</b> | <b>38 173</b> |

During the quarters ended on 31 March 2021 and 2022, given the application of IFRS 16, (practical expedient to consider the changes / concessions related to COVID-19 as not being a modification to the lease) discounts from rents were recognised, on the item "Other Supplies and external services", in the amount of approximately 2.6 million euros and 1.5 million euros, respectively.

### 35. Provisions and adjustments

In the quarters ended on 31 March 2021 and 2022, these items were composed as follows:

|  | 3M 21        | 3M 22        |
|--|--------------|--------------|
| Provisions (Note 25)                                 | 304          | 118          |
| Impairment of account receivables - trade (Note 17)  | 3 791        | 4 597        |
| Impairment of account receivables - others (Note 12) | 112          | 127          |
| Others   | (9)          | (1)          |
|  | <b>4 198</b> | <b>4 841</b> |

### 36. Losses / (gains) of affiliated companies, net

In the quarters ended on 31 March 2021 and 2022, this item was composed as follows:

|                                | 3M 21          | 3M 22          |
|--------------------------------|----------------|----------------|
| <b>EQUITY METHOD (NOTE 11)</b> |                |                |
| Finstar                        | (2 582)        | (5 217)        |
| Dreamia                        | (213)          | (109)          |
| Mstar                          | (25)           | (200)          |
| Others                         | (16)           | 219            |
|                                | <b>(2 836)</b> | <b>(5 307)</b> |
| <b>OTHERS</b>                  | <b>(1)</b>     | <b>-</b>       |
|                                | <b>(2 837)</b> | <b>(5 307)</b> |

### 37. Depreciation, amortization and impairment losses

In the quarters ended on 31 March 2021 and 2022, this item was composed as follows:

|                                      | 3M 21          | 3M 22          |
|--------------------------------------|----------------|----------------|
| <b>TANGIBLE ASSETS</b>               |                |                |
| Buildings and other constructions    | 141            | 2 860          |
| Basic equipment                      | 39 915         | 42 431         |
| Transportation equipment             | -              | -              |
| Tools and dies                       | 14             | 16             |
| Administrative equipment             | 1 098          | 1 053          |
| Other tangible assets                | 114            | 89             |
|                                      | <b>41 282</b>  | <b>46 449</b>  |
| <b>INTANGIBLE ASSETS</b>             |                |                |
| Industrial property and other rights | 20 659         | 24 486         |
|                                      | <b>20 659</b>  | <b>24 486</b>  |
| <b>CONTRACT COSTS</b>                |                |                |
| Contract costs                       | 24 606         | 24 483         |
|                                      | <b>24 606</b>  | <b>24 483</b>  |
| <b>RIGHTS OF USE</b>                 |                |                |
| Rights of use                        | 14 870         | 14 983         |
|                                      | <b>14 870</b>  | <b>14 983</b>  |
| <b>INVESTMENT PROPERTY</b>           |                |                |
| Investment property                  | 4              | 4              |
|                                      | <b>4</b>       | <b>4</b>       |
|                                      | <b>101 421</b> | <b>110 405</b> |



### 38. Restructuring Costs

In the quarters ended on 31 March 2021 and 2022, this item was composed as follows:

|   | 3M 21        | 3M 22 |
|---|--------------|-------|
| Personnel compensation (Note 25)                  | 3 992        | 934   |
| Personnel costs related to non-recurrent projects | 73           | 72    |
| <b>4 065</b>                                      | <b>1 006</b> |       |

### 39. Other losses / (gains) non-recurrent, net

In the quarters ended on 31 March 2021 and 2022, the other non-recurring costs / (gains) was composed as follows:

|  | 3M 21      | 3M 22          |
|--|------------|----------------|
| <b>GAINS:</b>                                |            |                |
| Default interests - offsetting of credits i) | -          | 6 134          |
|  | -          | <b>6 134</b>   |
| <b>COSTS:</b>                                |            |                |
| Others                                       | 359        | 2 416          |
|  | <b>359</b> | <b>2 416</b>   |
| <b>TOTAL</b>                                 | <b>359</b> | <b>(3 718)</b> |

In the quarter ended on 31 March 2022, an income/receivable of 6.1 million euros was estimated resulting from favorable decisions in proceedings initiated by the company.



## 40. Financing costs and other financials expenses / (income), net

In the quarters ended on 31 March 2021 and 2022, financing costs and other financial expenses / (income) were composed as follows:

|   | 3M 21        | 3M 22        |
|---|--------------|--------------|
| <b>FINANCING COSTS:</b>                         |              |              |
| <b>INTEREST EXPENSE:</b>                        |              |              |
| Borrowings                                      | 2 667        | 2 360        |
| Finance leases                                  | 6 524        | 6 208        |
| Derivatives                                     | 16           | 16           |
| Others  | 351          | 481          |
|   | <b>9 558</b> | <b>9 065</b> |
| <b>INTEREST EARNED</b>                          | <b>(853)</b> | <b>(927)</b> |
|   | <b>8 705</b> | <b>8 138</b> |
| <b>NET OTHER FINANCIAL EXPENSES / (INCOME):</b> |              |              |
| Comissions and guarantees                       | 700          | 861          |
| Others  | 130          | (75)         |
|   | <b>830</b>   | <b>786</b>   |

Interest earned mainly corresponds to default interests charged to customers.

## 41. Net earnings per share

Earnings per share for quarters ended on 31 March 2021 and 2022 were calculated as follow:

|  | 3M 21       | 3M 22       |
|--|-------------|-------------|
| Consolidated net income attributable to shareholders                       | 30 548      | 41 108      |
| Number of ordinary shares outstanding during the period (weighted average) | 511 913 315 | 512 143 093 |
| Basic earnings per share - euros   | 0,06        | 0,08        |
| Diluted earnings per share - euros   | 0,06        | 0,08        |

In the above periods, there were no diluting effects on net earnings per share, so the diluted earnings per share are equal to the basic earnings per share.



## 42. Guarantees and financial undertakings

### 42.1. Guarantees

At 31 December 2021 and 31 March 2022, the Group had furnished sureties, guarantees, and comfort letters in favour of third parties corresponding to the following situations:

|                    | 31-12-2021    | 31-03-2022    |
|--------------------|---------------|---------------|
| Tax authorities i) | 33 034        | 33 034        |
| Others iii)        | 11 695        | 12 457        |
|                    | <b>44 729</b> | <b>45 491</b> |

- i) At 31 December 2021 and 31 March 2022, this amount relates to guarantees demanded by the tax authorities in connection with tax proceedings contested by the Company and its subsidiaries (Note 44).
- ii) At 31 December 2021 and 31 March 2022, this amount mainly relates to guarantees provided in connection with Municipal Wayleave Tax proceedings and guarantees provided to cinema owners, and bank guarantees given to providers of satellite capacity renting services.

In connection with the finance obtained by Upstar from Banco Comercial Português, totalling 10 million euros, NOS signed a promissory note, proportional to the participation held, of 30% of the loan.

During the first quarterly of 2015, 2016, 2017 and 2018, and following the settlement notes to CLSU 2007-2009, 2010-2011, 2012-2013 and 2014, respectively, NOS constituted guarantees in favour of the Universal Service Compensation Fund in the amount of 23.6 million euros, 16.7 million euros, 17.5 million euros and 3.0 million euros, respectively, in order to prevent the introduction of tax enforcement proceedings in order to enforce recovery of the amounts paid.

In addition to the guarantees required by the tax authorities, sureties were set up for the current fiscal processes, which NOS was a surety for NOS SA for an amount of 14.6 million euros.

### 42.2. Other undertakings

#### Covenants

Of the loans obtained, in addition to being subject to the Group complying with its operating, legal and fiscal obligations, 100% are subject to cross-default, Pari Passu and Negative Pledge clauses and 82% to ownership clauses.

In addition, approximately 18% of the total loans obtained require that the consolidated net financial debt does not exceed 3 times consolidated EBITDA after leasing payment, approximately 4% of the total loans obtained require that the consolidated net financial debt does not exceed 3.5 times consolidated EBITDA after leasing payment, approximately 2% of the total loans obtained require that the consolidated net financial debt does not exceed 4 times consolidated EBITDA after leasing payment and approximately 11% require that the consolidated net financial debt does not exceed 5 times consolidated EBITDA.

Net Financial Debt = Loans - Leasings - Cash and Cash Equivalents

EBITDA = Operational Result + Depreciation, amortization and impairment losses + restructuring costs + Losses / (gains) on sale of assets + Other losses / (gains) non-recurrent

EBITDA after leasing payments = EBITDA - Leasing payments (Capital and Interest)

#### Assignment agreements football broadcast rights

In December 2015, NOS signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, SA of television rights of home matches of football NOS' league, broadcasting rights and distribution of Benfica TV



Channel. The contract began in 2016/2017 sports season, had an initial duration of three years, and might be renewed by decision of either party up to a total of 10 sports seasons, with the overall financial consideration reaching the amount of 400 million euros, divided into progressive annual amounts.

Also in December 2015, NOS signed a contract with Sporting Clube de Portugal - Futebol SAD and Sporting and Communication Platforms, S.A. for the assignment of the following rights:

- 1) TV broadcasting rights and multimedia home games of Sporting SAD;
- 2) The right to explore the static and virtual advertising at Stadium José Alvalade;
- 3) The right of transmission and distribution of Sporting TV Channel;
- 4) The right to be its main sponsor.

The contract will last 10 seasons, concerning the rights indicated in 1) and 2) above, starting in July 2018, 12 seasons in the case of the rights stated in 3) starting in July 2017 and 12 and a half seasons in the case of the rights mentioned in 4) beginning in January 2016, with the overall financial consideration amounting to 446 million euros, divided into progressive annual amounts.

Also in December 2015, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) Associação Académica de Coimbra - Organismo Autónomo de Futebol, SDUQ, Lda
- 2) Os Belenenses Sociedade Desportiva Futebol, SAD
- 3) Clube Desportivo Nacional Futebol, SAD
- 4) Futebol Clube de Arouca - Futebol, SDUQ, Lda
- 5) Futebol Clube de Paços de Ferreira, SDUQ, Lda
- 6) Marítimo da Madeira Futebol, SAD
- 7) Sporting Clube de Braga - Futebol, SAD
- 8) Vitória Futebol Clube, SAD

The contracts began in the 2019/2020 sports season and last up to 7 seasons, apart from the contract with Sporting Clube de Braga - Futebol, SAD which lasts 9 seasons.

During the year of 2016, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) C. D. Tondela - Futebol, SDUQ, Lda
- 2) Clube Futebol União da Madeira, Futebol, SAD
- 3) Grupo Desportivo de Chaves - Futebol, SAD
- 4) Sporting Clube da Covilhã - Futebol, SDUQ, Lda
- 5) Clube Desportivo Feirense - Futebol, SAD
- 6) Sport Clube de Freamunde - Futebol, SAD
- 7) Sporting Clube Olhanense - Futebol, SAD
- 8) Futebol Clube de Penafiel, SDUQ, Lda
- 9) Portimonense Futebol, SAD

The contracts began in the 2019/2020 sports season and last up to 3 seasons.

In May 2016, NOS and Vodafone have agreed on reciprocal availability, for several sports seasons, of sports content (national and international) owned by the companies, in order to assure to both companies, directly by the assigning party or indirectly through the transfer to third party content distribution channels or models, the availability of broadcasting rights of the sports clubs home football games, as well as the broadcasting



and distribution rights of sports and sports clubs channels, whose rights are owned by each of the companies in each moment. The agreement came into force from the beginning of the sports season 16/17, assuring access to Benfica's channel and Benfica's home football games to NOS' and Vodafone's clients, independent from the channel where these football games are broadcast.

Considering that the contract signed allowed for the possibility of extending the agreement to the other operators, in July 2016 MEO and Cabovisão joined the agreement, ending the lack of availability of Porto Canal in the NOS's channel grid, assuring that every Pay TV client can have access to every relevant sports content, regardless of which operator they use.

Following the agreement signed with the remaining operators, which is being made directly in some cases and through channel yield to third parties in others, as a counterpart of the reciprocal provision of rights, the global costs are shared according with retailer telecommunications revenues and Pay TV market shares.

The estimated cash flows are estimated as follows:

| Seasons   | 2021/22  | Following |
|---|----------|-----------|
| Estimated cash-flows with the contract signed by NOS with the sports entities*  | 123.8 M€ | 629.3 M€  |
| NOS estimated cash-flows for the contracts signed by NOS (net amounts charged to the operators) and for the contracts signed by the remaining operators | 52.1 M€  | 336.2 M€  |

\* Includes direct broadcasts of games and channels, advertising and others.

Considering that, following the celebrated agreements with the remaining operators, the risks and benefits associated to contracts with teams are shared amongst the operators, the agreement was considered a collaborative agreement. For this reason, the revenue (with operators) is compensated with the expenses with teams.

#### **Network sharing contract with Vodafone**

NOS and Vodafone Portugal celebrated on 29 September 2017 an agreement of infrastructure development and sharing with a nationwide scope. This partnership allows the two Operators providing their commercial offers under a shared network at the beginning of 2018.

The agreement covers the reciprocal sharing of dark fibre in approximately 2.6 million of homes in which each of the entities shares with the other one an equivalent investment value, in other words, they share similar goods. It is assumed that both companies retain full autonomy, independence, and confidentiality concerning the design of the commercial offers, the management of the customers' database and the choice of technological solutions they might decide to implement, that did not originate any impact on the consolidated financial statements (according to IAS 16, this exchange of similar non-monetary assets will be presented on a net basis).

The partnership has also been extended to mobile infrastructure sharing where it is agreed a minimum sharing of 200 mobile towers.

#### **Celebrated agreements regarding the sharing of mobile network support infrastructure**

On 22 October 2020, NOS Comunicações S.A. and NOS Technology, on the one hand, and Vodafone Portugal, Comunicações Pessoais, S.A., on the other hand, celebrated a set of agreements regarding the sharing of mobile network support infrastructure (passive infrastructures such as towers and poles) and activemobile network elements (active radio equipment such as antennas, amplifiers and remaining equipment). These agreements have the following characteristics:

a) the agreements have a nationwide scope with diverse geographical application according to the higher or lower level of population density. In higher density geographies, typically larger urban areas, the parties will pursue synergies by sharing support infrastructure. In lower density areas, typically rural and interior locations,



in addition to shared use of support infrastructure, the parties will also share active mobile network.

b) the agreements focus on assets currently held, or that may be held by each party in the future, and on existing 2G, 3G and 4G technology. Incorporation of 5G technology in these agreements will depend on each to deploy this technology.

c) the agreements do not encompass spectrum sharing between the operators and each party will maintain exclusive strategic control of its networks, thus ensuring full competitive, strategic and commercial independence and the ability to differentiate in terms of customer service and provision.

Each party retains the ability to develop its mobile communications network independently.

These agreements will enable NOS to invest more efficiently by capturing value through synergies. NOS will also be able to deploy its mobile network faster and in a more environmentally responsible way, thus benefitting customers and remaining stakeholders.

Sharing of mobile infrastructure represents an important contribution towards greater geographical cohesion and digital inclusion, both of which are essential to the sustainable development of the country.

## **43. Related parties**

### **43.1. Balances and transactions between related parties**

Transactions and balances between NOS and companies of the NOS Group were eliminated in the consolidation process and are not subject to disclosure in this note.

The balances at 31 December 2021 and 31 March 2022 and transactions in the quarters ended on 31 March 2021 and 2022 between NOS Group and its associated companies, joint ventures and other related parties are as follows:



**Balances at 31 December 2021**

|   | <b>Balances at 31 December 2021</b>              |   |                   |
|---|--|---|-------------------|
|   | <b>ACCOUNTS RECEIVABLES AND PREPAID EXPENSES</b> | <b>ACCOUNTS PAYABLE AND DEFERRED INCOME</b> | <b>BORROWINGS</b> |
| <b>ASSOCIATED COMPANIES</b>               | <b>24 273</b>                                    | <b>13 574</b>                               | <b>-</b>          |
| Big Picture 2 Films                       | 8  | 1 287                                       | -                 |
| Sport TV                                  | 24 265   | 12 287                                      | -                 |
| <b>JOINTLY CONTROLLED COMPANIES</b>       | <b>11 261</b>                                    | <b>1 149</b>                                | <b>3 004</b>      |
| Dreamia Holding BV                        | 88   | -   | 2 993             |
| Dreamia SA                                | 1 335  | 500   | 10                |
| Finstar                                   | 9 214  | 66  | -                 |
| Upstar                                    | 449  | 383   | -                 |
| ZAP Media                                 | 142  | 142   | -                 |
| DUALGRID                                  | 32   | 58  | -                 |
| <b>OTHER RELATED PARTIES</b>              | <b>8 037</b>                                     | <b>4 209</b>                                | <b>-</b>          |
| Banco BIC Português, S.A.                 | 209  | 0   | -                 |
| Cascaishoping- Centro Comercial, S.A.     | 217  | 271   | -                 |
| Centro Colombo Centro Comercial, SA       | 487  | 682   | -                 |
| Centro Vasco da Gama-Centro Comercial, SA | 367  | 723   | -                 |
| Continente Hipermercados, SA              | 102  | 1   | -                 |
| Fashion Division, S.A.                    | 135  | -   | -                 |
| MDS Corretor de Seguros, SA               | 109  | -   | -                 |
| Modelo Continente Hipermercados, SA       | 1 180  | 35  | -                 |
| Norteshopping-Centro Comercial, S.A.      | 186  | 623   | -                 |
| S21SEC Portug-Cyber Security Services, SA | 119  | 1 136                                       | -                 |
| SC-Consultadoria, SA                      | 174  | -   | -                 |
| Sierra Portugal, SA                       | 425  | (4)   | -                 |
| Sonae MC - Serviços Partilhados, SA       | 1 080  | -   | -                 |
| UNITEL S.a.r.l.                           | 112  | 255   | -                 |
| Worten-Equipamento para o Lar, SA         | 1 842  | 370   | -                 |
| Other related parties                     | 1 294  | 117   | -                 |
|   | <b>43 571</b>                                    | <b>18 932</b>                               | <b>3 004</b>      |

**Transactions in the quarter ended on 31 March 2021**

|  | 31/03/2021           |   |                   |                    |
|--|----------------------|---|-------------------|--------------------|
|  | SERVICES<br>RENDERED | SUPPLIES<br>AND<br>EXTERNAL<br>SERVICES | INTEREST<br>GAINS | INTEREST<br>LOSSES |
| <b>ASSOCIATED COMPANIES</b>              | <b>594</b>           | <b>1 934</b>                            | -                 | -                  |
| Big Picture 2 Films                      | (2)                  | (1)                                     | -                 | -                  |
| Sport TV                                 | 596                  | 1 935                                   | -                 | -                  |
| <b>JOINTLY CONTROLLED COMPANIES</b>      | <b>3 109</b>         | <b>(59)</b>                             | <b>22</b>         | -                  |
| Dreamia Holding BV                       | -                    | -                                       | 23                | -                  |
| Dreamia SA                               | 968                  | (79)                                    | (1)               | -                  |
| Finstar                                  | 2 065                | -                                       | -                 | -                  |
| MSTAR                                    | -                    | -                                       | -                 | -                  |
| Upstar                                   | 76                   | 21                                      | -                 | -                  |
| ZAP Media                                | -                    | -                                       | -                 | -                  |
| <b>OTHER RELATED PARTIES</b>             | <b>5 997</b>         | <b>2 572</b>                            | -                 | <b>12</b>          |
| Banco BIC Português, S.A.                | 455                  | -                                       | -                 | -                  |
| Cascaishoping- Centro Comercial, S.A.    | 3                    | 131                                     | -                 | -                  |
| Centro Colombo- Centro Comercial, S.A.   | 4                    | 333                                     | -                 | -                  |
| Centro Vasco da Gama-Centro Comercial,SA | 3                    | 197                                     | -                 | -                  |
| Continente Hipermercados, S.A.           | 124                  | 11                                      | -                 | -                  |
| Digitmarket-Sistemas de Informação,SA    | 18                   | 427                                     | -                 | -                  |
| MDS Corretor de Seguros, SA              | 197                  | -                                       | -                 | -                  |
| Modelo Continente Hipermercados,SA       | 1 331                | 44                                      | -                 | -                  |
| Norteshopping-Centro Comercial, S.A.     | 4                    | 226                                     | -                 | -                  |
| S21SEC Portug-Cyber Security Services,SA | 14                   | 327                                     | -                 | -                  |
| SC-Consultadoria,SA                      | 220                  | -                                       | -                 | -                  |
| SFS, Gestão e Consultoria, S.A.          | 2                    | 151                                     | -                 | -                  |
| Sierra Portugal, SA                      | 563                  | 17                                      | -                 | -                  |
| Sonae MC – Serviços Partilhados, SA      | 1 290                | -                                       | -                 | -                  |
| Worten-Equipamento para o Lar,SA         | 721                  | 439                                     | -                 | -                  |
| Other related parties                    | 1 047                | 268                                     | -                 | 12                 |
|  | <b>9 700</b>         | <b>4 447</b>                            | <b>22</b>         | <b>12</b>          |



**Balances at 31 March 2022**

|  | <b>Balances at 31 March 2022</b>                 |   |                   |
|--|--|---|-------------------|
|  | <b>ACCOUNTS RECEIVABLES AND PREPAID EXPENSES</b> | <b>ACCOUNTS PAYABLE AND DEFERRED INCOME</b> | <b>BORROWINGS</b> |
| <b>ASSOCIATED COMPANIES</b>              | <b>26 429</b>                                    | <b>17 321</b>                               | <b>-</b>          |
| Big Picture 2 Films                      | 6  | 481   | -                 |
| Sport TV                                 | 26 423   | 16 840                                      | -                 |
| <b>JOINTLY CONTROLLED COMPANIES</b>      | <b>11 194</b>                                    | <b>1 390</b>                                | <b>3 082</b>      |
| Dreamia Holding BV                       | 24   | -   | 3 082             |
| Dreamia SA                               | 1 288  | 736   | -                 |
| Finstar                                  | 9 246  | 66  | -                 |
| Upstar                                   | 438  | 142   | -                 |
| ZAP Media                                | 142  | -   | -                 |
| MSTAR                                    | 11   | -   | -                 |
| DUALGRID                                 | 45   | -   | -                 |
| <b>OTHER RELATED PARTIES</b>             | <b>7 291</b>                                     | <b>4 248</b>                                | <b>-</b>          |
| Banco BIC Português, S.A.                | 293  | -   | -                 |
| Cascaishopping- Centro Comercial, S.A.   | 241  | 356   | -                 |
| Centro Colombo Centro Comercial, SA      | 546  | 781   | -                 |
| Centro Vasco da Gama-Centro Comercial,SA | 366  | 604   | -                 |
| MDS Corretor de Seguros, SA              | 175  | -   | -                 |
| Modelo Continente Hipermercados,SA       | 952  | 77  | -                 |
| Norteshopping-Centro Comercial, S.A.     | 598  | 887   | -                 |
| S21SEC Portug-Cyber Security Services,SA | 132  | 419   | -                 |
| SC-Consultadaria,SA                      | 169  | -   | -                 |
| Sierra Portugal, SA                      | 443  | (5)   | -                 |
| Sonae MC - Serviços Partilhados, SA      | 394  | -   | -                 |
| UNITEL S.a.r.l.                          | 91   | -   | -                 |
| Worten-Equipamento para o Lar,SA         | 1 571  | -   | -                 |
| Other related parties                    | 1 320  | 64  | -                 |
|  | <b>44 914</b>                                    | <b>22 959</b>                               | <b>3 082</b>      |



**Transactions in the quarter ended on 31 March 2022**

|  | 31/03/2022        |                                |                |                 |
|--|-------------------|--------------------------------|----------------|-----------------|
|  | SERVICES RENDERED | SUPPLIES AND EXTERNAL SERVICES | INTEREST GAINS | INTEREST LOSSES |
| <b>ASSOCIATED COMPANIES</b>                      | <b>625</b>        | <b>706</b>                     | -              | -               |
| Big Picture 2 Films                              | 17                | 867                            | -              | -               |
| Sport TV   | 608               | (161)                          | -              | -               |
| <b>JOINTLY CONTROLLED COMPANIES</b>              | <b>3 024</b>      | <b>45</b>                      | <b>23</b>      | -               |
| Finstar  | 1 963             | -                              | -              | -               |
| Upstar   | 63                | 32                             | -              | -               |
| Dreamia Holding BV                               | -                 | -                              | 24             | -               |
| Dreamia SA                                       | 998               | (40)                           | (1)            | -               |
| DUALGRID   | -                 | 53                             | -              | -               |
| <b>OTHER RELATED PARTIES</b>                     | <b>6 431</b>      | <b>3 757</b>                   | -              | -               |
| Banco Bic Português, S.A.                        | 466               | -                              | -              | -               |
| Cascaishoping- Centro Comercial, S.A.            | 3                 | 162                            | -              | -               |
| Centro Colombo- Centro Comercial, S.A.           | 5                 | 353                            | -              | -               |
| Continente Hipermercados, S.A.                   | 120               | 10                             | -              | -               |
| MDS Corretor de Seguros, SA                      | 336               | -                              | -              | -               |
| Modalfa-Comércio e Serviços,SA                   | 298               | -                              | -              | -               |
| Modelo Continente Hipermercados,SA               | 1 318             | 45                             | -              | -               |
| Norteshopping-Centro Comercial, S.A.             | 3                 | 414                            | -              | -               |
| Olivedesportos- Publicidade Televisão e Media SA | 4                 | 1 075                          | -              | -               |
| S21SEC Portug-Cyber Security Services,SA         | 15                | 784                            | -              | -               |
| SC-Consultadoria,SA                              | 217               | -                              | -              | -               |
| Sierra Portugal, SA                              | 556               | 32                             | -              | -               |
| Sonae MC - Serviços Partilhados, SA              | 672               | -                              | -              | -               |
| Worten-Equipamento para o Lar,SA                 | 1 280             | 182                            | -              | -               |
| Other related parties                            | 1 138             | 700                            | -              | -               |
|  | <b>10 080</b>     | <b>4 508</b>                   | <b>23</b>      | -               |

The Company regularly performs transactions and signs contracts with several parties within the NOS Group. Such transactions were performed on normal market terms for similar transactions, as part of the contracting companies' current activity.

Due to the large number of low value related parties' balances and transactions, it was grouped in the heading "Other related parties" the balances and transactions with entities whose amounts are less than 100 thousand euros.



## 44. Legal actions and contingent assets and liabilities

### 44.1. Legal actions with regulators and Competition Authority (AdC)

- NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ANACOM's decisions in respect of the payment of the Annual Fee of Activity (for 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021) as Electronic Communications Services Networks Supplier, and furthermore the refund of the amounts that meanwhile were paid within the scope of the mentioned acts of settlement was requested. Also NOS Wholesale brought action for judicial review of ANACOM's decision in respect of payment of the Annual Fee of Activity for 2020 and 2021.

The settlement amounts are, respectively, as follows:

- NOS SA: 2009: 1,861 thousand euros, 2010: 3,808 thousand euros, 2011: 6,049 thousand euros, 2012: 6,283 thousand euros, 2013: 7,270 thousand euros, 2014: 7,426 thousand euros, 2015: 7,253 thousand euros, 2016: 8,242 thousand euros, 2017: 9,099 thousand euros, 2018: 10,303 thousand euros, 2019: 10,169 thousand euros; 2020: 10,184 thousand euros and 2021: 9,653 thousand euros.
- NOS Açores: 2009: 29 thousand euros, 2010: 60 thousand euros, 2011: 95 thousand euros, 2012: 95 thousand euros, 2013: 104 thousand euros, 2014: 107 thousand euros, 2015: 98 thousand euros, 2016: 105 thousand euros, 2017: 104 thousand euros, 2018: 111 thousand euros, 2019: 107 thousand euros, 2020: 120 thousand euros and 2021: 123 thousand euros.
- NOS Madeira: 2009: 40 thousand euros, 2010: 83 thousand euros, 2011: 130 thousand euros, 2012: 132 thousand euros, 2013: 149 thousand euros, 2014: 165 thousand euros, 2015: 161 thousand euros, 2016: 177 thousand euros, 2017: 187 thousand euros, 2018: 205 thousand euros, 2019: 195 thousand euros, 2020: 202 thousand euros and 2021: 223 thousand euros.
- NOS Wholesale: 2020: 36 thousand euros and 2021: 110 thousand euros.

This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. NOS SA, NOS Açores, NOS Madeira and NOS Wholesale claim, namely: i) addition to defects of unconstitutionality and illegality, related to the inclusion in the cost accounting of ANACOM of the provisions made by the latter, due to judicial proceedings against the latter (including these appeals of the activity rate) and ii) that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded. Seven sentences were handed down on the matter, of which ANACOM appealed to the Central Administrative Court. To date, no judgment has been issued by the TCA in any of these cases.

The remaining proceedings are awaiting trial and/or decision.

- During the first quarter of 2017, NOS was notified by ANACOM of the initiation of an infraction process related to communications of prices update at the end of 2016, beginning of 2017. In the end of the last trimester of 2020, ANACOM notified NOS of the accusation, with the practice of 4 very severe offences and 1 severe offence related, respectively, with i) the non-communication to customers of the right to rescind the contract with no charges, with (ii and iii) the supposed non-communication of pricing update and with (iv) the adequate advance and, yet, (v) the lack of information to be communicated to ANACOM. However, ANACOM did not present any value for a fine, except in relation to the with severe offence. In this case, NOS is given the possibility to settle the fine by the minimum, in the amount of 13 thousand euros, which NOS did. NOS presented its written defense on 29 January 2021. The Group is waiting for ANACOM to deliver a final decision.
- On 17 July 2020, NOS was notified by the AdC of an illegality note (accusation) related to digital marketing without a google search engine, which accuses the operators MEO, NOS, NOWO and Vodafone of concertation, for a period ranging from between 2010 and 2018, failing to identify a concrete fine. It is not possible, at this moment, to estimate the value of an eventual fine. NOS



presented its written defence and after its presentation, can the AdC decide on a conviction or acquittal, being the Board of Directors' conviction, taking into account the elements it knows, that will be able to demonstrate the various arguments in favor of its defence.

- On 15 December 2021, NOS was notified by the Portuguese Competition Authority (AdC) of an illegality note (accusation) related to advertising service practices in automatic recordings, which accuses NOS, other operators and a consultant of concertation behavior in the television recordings advertising market. NOS presented its written defence. At the time, it is not possible to estimate whether there will be an acquittal or conviction and, in the case of the latter, the amount of a possible fine. Further developments on the AdC's decision are awaited. It is the conviction of the Board of Directors, taking into account the elements it knows, that it will be able to demonstrate the various arguments in favor of its defence.

#### **44.2. Tax authorities**

During the course of the 2003 to 2022 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2020 financial years. Following these inspections, NOS SGPS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications unpaid is about 37 million euros, added interest, and charges. These settlement notes, which totally were contested, are the respective lawsuits in progress.

Based on the advice obtained from the process representatives and tax consultants, the Board of Directors maintains the belief in a favorable outcome, which is why these proceedings are maintained in court. However, in accordance with the principle of prudence, an assessment of the group's level of exposure to these proceedings is made periodically, in the light of the evolution of case law, and consequently the provisions recorded for this purpose are adjusted. The Group provided the guarantees demanded by the Tax Authorities, related to these processes, according reference in Note 42.

#### **44.3. Actions by MEO against NOS SA, NOS Madeira and NOS Açores and by NOS SA against MEO**

In 2011, MEO brought against NOS SA, in the Judicial Court of Lisbon, a claim for the compensation of 10.3 million of Euros, as compensation for alleged unauthorized portability of NOS SA in the period between March 2009 and July 2011. NOS SA contested, and the Court ordered an expert opinion, meanwhile, deemed without effect. The discussion and trial hearing took place at the end of April and beginning of May 2016, and a judgment was rendered in September of the same year, which considered the action to be partially justified, based not on the occurrence of improper portability, which the Court has determined to restrict itself to those which do not correspond to the will of the proprietor. In that regard, it sentenced NOS to the payment of approximately 5.3 million euros to MEO, a decision of which NOS appealed to the Lisbon Court of Appeal. MEO, on the other hand, was satisfied with the decision and did not appeal against the part of the sentence that acquitted NOS. This Court, in the first quarter of 2018, upheld the decision of the Court of First Instance, except for interests, in which it gave reason to the claims of NOS, in the sense that interests should be counted from the citation to the action and not from the due date of the invoices. NOS filed an extraordinary appeal with the Supreme Court of Justice (SCJ), that appeal which found that the facts established by the Lower Courts were insufficient to resolve on the substance of the case. Consequently, the SCJ ordered that the court under appeal should amplify the facts. The case was transferred to the Court of First Instance for the extension of the facts. In November 2019, the Court of First Instance granted the parties the possibility of requesting the production of supplementary evidence on the subject of the extension, with NOS requesting an expert examination and the repetition of testimonial evidence. In February 2020, the Court considered that the expansion of the matter of fact leads to the need to obtain new evidence, which requires the analysis of the information relating to all portabilities that serve as the basis for the process, determining the carrying out of expert evidence for that purpose. The appointment of the expert occurred on October 2021, and the expected date for completion of the diligence is unknown.



In 2011, NOS SA brought an action in Lisbon Judicial Court against MEO, claiming payment of 22.4 million euros, for damages suffered by NOS SA, arising from violations of the Portability Regulation by MEO, in particular, the large number of unjustified refusals of portability requests by MEO in the period between February 2008 and February 2011. The court declared the performance of expert evidence of technical nature and an economic-financial survey, which were completed in June 2018. MEO argued for the nullity of the expert economic-financial report, which was deferred. In October 2020, an attempt was made to reconcile. Since the parties did not reach conciliation, the trial was scheduled, which took place at the end of 2021 and beginning of 2022, being expect to be concluded in the second quarter of 2022. It is the understanding of the Board of Directors, corroborated by the attorneys accompanying the process, that it is, in formal and substantive terms, likely that NOS SA will be able to win the lawsuit, due to MEO already having been convicted for the same offences by ANACOM.

#### **44.4. Action brought by DECO**

In March 2018, NOS was notified of a lawsuit brought by DECO against NOS, MEO and NOWO, in which a declaration of nullity of the obligation to pay the price increases imposed on customers at the end of 2016 is requested. In April and May 2018, the operators, including NOS, lodged a defence. The action's value has been fixed at EUR 60,000. Initially, a prior hearing was scheduled for October 8, 2019, which was then cancelled due to the judge declaring himself unable to hear the case. The process has already been redistributed and the prior hearing took place on 10 September 2020. We are still awaiting for the scheduling of trial sessions. The Board of Directors is convinced that the arguments used by the author are not justified, which is why it is believed that the outcome of the proceeding should not result in significant impacts for the Group's financial statements.

#### **44.5. Interconnection tariffs**

At 31 March 2022, accounts receivable and accounts payable include 37,139,253 euros and 43,475,093 euros, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the non-definition of interconnection tariffs of 2001. In what concerns to that dispute with MEO, the result was totally favourable to NOS S.A., having already become final. In March 2021, MEO filed a new lawsuit against NOS, in which it claimed the price of interconnection services between TMN and Optimus for 2001 at 55\$00 (€ 0.2743) per minute. NOS filed a defense at the beginning of June challenging the petition by MEO, and the deadline for carrying out the other procedural steps is currently pending.

### **45. Share incentive scheme**

On 23 April 2014, the General Meeting approved the Regulation on Short and Medium-Term Variable Remuneration, which establishes the terms of the Share Incentive Scheme ("NOS Plan"). This plan aimed at more senior employees with the vesting taking place three years being awarded, assuming that the employee is still with the company during that period.

At 31 March 2022, the unvested plans are:

| <b>NOS PLAN</b> | <b>NUMBER OF SHARES</b> |
|-----------------|-------------------------|
| Plan 2020       | 1 398 003               |
| Plan 2021       | 1 265 744               |



During the quarter ended on 31 March 2022, the movements that occurred in the plans are detailed as follows:

|  | NOS PLAN<br>2019 | NOS PLAN<br>2020 | NOS PLAN<br>2021 | TOTAL            |
|--|------------------|------------------|------------------|------------------|
| <b>BALANCE AS AT 31 DECEMBER 2021:</b>         | <b>761 557</b>   | <b>1 411 601</b> | <b>1 276 908</b> | <b>3 450 066</b> |
| <b>MOVEMENTS IN THE PERIOD:</b>                |                  |                  |                  |                  |
| Vested   | (761 064)        | (11 274)         | (9 041)          | (781 379)        |
| Cancelled / elapsed / corrected <sup>(1)</sup> | (493)            | (2 324)          | (2 123)          | (4 940)          |
| <b>BALANCE AS AT 31 MARCH 2022</b>             | <b>-</b>         | <b>1 398 003</b> | <b>1 265 744</b> | <b>2 663 747</b> |

(1) Refers mainly to correction made for dividends paid, exit of employees not entitled to the vesting of shares and other adjustments resulting from the way the shares are vested.

The share plans costs are recognised over the year between the awarding and vesting date of those shares. The responsibility is calculated taking into consideration the share price at award date of each plan, for plans settled in shares, or at the closing date, for plans settled in cash. As at 31 March 2022, the outstanding responsibility related to these plans is 3.647 thousand euros and is recorded in Reserves, for an amount of 2.616 thousand euros, for plans liquidated in shares and in Accrued expenses, for an amount of 1.031 thousand euros, for plans liquidated in cash.

The costs recognised in previous years and in the financial year, and its liabilities are as follows:

|  | ACCRUED<br>EXPENSES | RESERVES     | TOTAL        |
|--|---------------------|--------------|--------------|
| Costs recognised in previous years related to plans as at 31 December 2021 | 1 262               | 4 861        | 6 123        |
| Costs of plans vested in the period  | -                   | (3 975)      | (3 975)      |
| Costs incurred in the period and others                                    | (231)               | 1 730        | 1 499        |
| <b>TOTAL COST OF THE PLANS</b>   | <b>1 031</b>        | <b>2 616</b> | <b>3 647</b> |

Exceptionally, in the quarter ended on 31 March of 2022, the plans to be settled in cash in the year, were paid in shares.

## 46. Other matters

### 46.1. Preventive seizure of 26.075% of the share capital of NOS SGPS, S.A.

On 4 April 2020, SONAECOM, SGPS, SA, holder of 50% of the capital of ZOPT, SGPS, SA (hereinafter "ZOPT"), was informed by this company of the communication received from the Central Criminal Investigation Court of Lisbon (hereinafter Tribunal) to proceed to the preventive seizure of 26.075% of the share capital of NOS, SGPS, SA, corresponding to half of the shareholding in NOS held by ZOPT and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited ", controlled by Eng.<sup>a</sup> Isabel dos Santos.

Under the terms of the aforementioned decision, the foreclosed shares are deprived of the exercise of voting rights and the right to receive dividends, the latter of which must be deposited with Caixa Geral de Depósitos, S.A. at the court's discretion.

The other half of ZOPT's participation in NOS share capital, corresponding to an identical percentage of 26.075% - and which, at least in line with the criterion used by the Court, embodies the 50% held in ZOPT by SONAECOM - was not subject to seizure, nor the rights attached to it were subject to any limitation.

On 12 June 2020, ZOPT was authorized by the Lisbon Central Criminal Investigation Court to exercise the



voting right corresponding to the 26.075% of NOS share capital preventively seized under the aforementioned Court order.

Still in June 2020, the Investigating Judge rejected the third-party embargoes deducted by ZOPT based on the Portuguese courts' inability to assess and decide upon them. This decision, having been appealed by ZOPT, was revoked by the Court of Appeal already in 2021.

In November 2021, the Investigating Judge, aware of the cause's merit, dismissed the third-party embargoes presented by ZOPT, a decision that, according to ZOPT, was appealed to the Court of Appeal. Further developments are awaited. The appeal was accepted in February 2022 and is now pending further decisions while further developments are awaited.

## **46.2. Ukrainian Conflict**

On February 24, 2022, Russian troops invaded Ukraine. The military attack led to significant human casualties, population displacement, damage in infrastructures and disruption in the economic activity in Ukraine.

In response, multiple jurisdictions, including the European Union, imposed various economic sanctions on Russia (and, in some cases, Belarus).

This conflict comes at a time of significant uncertainty and global economic volatility, when many sectors/jurisdictions were already facing the impacts of transports disruptions and the rising of commodity and raw material prices as a result of increased demand from consumers as the COVID-19 pandemic eased. These conditions are likely to be significantly exacerbated by the wider effects of the war in Ukraine, increasing inflationary pressures and weakening the post-pandemic recovery.

NOS, not having significant transactions with the Russian and Ukrainian markets, is exposed to general inflationary pressures. It is the conviction of the Board of Directors that, despite these uncertainties, the continuity of its operations is not jeopardized.

## **47. Subsequent events**

On 21 April 2022, the management report, individual and consolidated financial statements and the corporate governance report for the year 2021, as well as the proposal of the Board of Directors, were approved by the annual General Meeting of shareholders of NOS SGPS as well as the proposal of the Board of Administration of the payment of an ordinary dividend per share of 27.8 cents.

The increase in share capital by incorporation of an issue premium, in the amount of 850,016,277.00 Euros, was also approved, by means of an increase in the nominal value of all the shares representing the share capital in the amount of 1.65 Euros, with the nominal value of each share to be 1.66 euros.

Additionally, on April 21, 2022, NOS reached an agreement with Cellnex for the sale of an additional portfolio of up to 350 mobile sites (towers and rooftops), for an estimated value of 155 million euros. The implementation of the aforementioned agreement is subject to the satisfaction of the usual conditions in this type of transaction, namely the non-opposition by the Competition Authority.

Up to the date of approval of this document, there were no other relevant subsequent events that merited disclosure in this report.

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

## 48. Annexes

### A) Companies included in the consolidation by the full consolidation method

| COMPANY  | HEADQUARTERS  | PRINCIPAL ACTIVITY  | SHARE HOLDER                          | PERCENTAGE OF OWNERSHIP |                   |                      |
|--|---------------|---|---------------------------------------|-------------------------|-------------------|----------------------|
|  |               |   |                                       | EFFECTIVE 31-03-2021    | DIRECT 31-03-2022 | EFFECTIVE 31-03-2022 |
| NOS, SGPS, S.A. (Holding)  | Lisbon        | Management of investments   | -                                     | -                       | -                 | -                    |
| Fundo de Capital de Risco N5G (a)  | Lisbon        | Movies exhibition   | NOS                                   | 100%                    | 100%              | 100%                 |
| Empracine - Empresa Promotora de Atividades Cinematográficas, Lda.                       | Lisbon        | Invest and support the development of companies that aim to commercialize technologies and products that result from scientific and technological research  | Lusomundo SII                         | 100%                    | 100%              | 100%                 |
| Lusomundo - Sociedade de investimentos imobiliários SGPS, SA                             | Lisbon        | Management of Real Estate   | NOS                                   | 100%                    | 100%              | 100%                 |
| Lusomundo Imobiliária 2, S.A.  | Lisbon        | Management of Real Estate   | Lusomundo SII<br>NOS + NOS<br>Cinemas | 100%                    | 100%              | 100%                 |
| Lusomundo Moçambique, Lda. (b)   | Maputo        | Movies exhibition and commercialization of other public events  | NOS<br>Comunicações                   | 100%                    | 100%              | 100%                 |
| NOS Sistemas, S.A.   | Lisbon        | Rendering of consulting services in the area of information systems   | NOS<br>Comunicações                   | 100%                    | 100%              | 100%                 |
| NOS Sistemas España, S.L.  | Madrid        | Rendering of consulting services in the area of information systems   | NOS<br>Comunicações                   | 100%                    | 100%              | 100%                 |
| NOS Açores Comunicações, S.A.  | Ponta Delgada | Distribution of television by cable and satellite and operation of telecommunications services in the Azores area   | NOS<br>Comunicações                   | 84%                     | 84%               | 84%                  |
| NOS Audiovisuais, SGPS, S.A.   | Lisbon        | Management of social participations in other companies as an indirect form of economic activity   | NOS                                   | 100%                    | 100%              | 100%                 |
| NOS Property, S.A.   | Luxembourg    | Management of investments   | NOS                                   | 100%                    | 100%              | 100%                 |
| NOS Comunicações, S.A.   | Lisbon        | Implementation, operation, exploitation and offer of networks and rendering services of electronic communications and related resources; offer and commercialisation of products and equipments of electronic communications  | NOS                                   | 100%                    | 100%              | 100%                 |
| NOS Corporate Center, S.A.   | Lisbon        | Service rendered of business support and management and administration consultancy services, including accounting, logistics, administrative, financial, tax, human resources services and any other services that are subsequent or related to previous activities. The company may also perform any other services, activities that are complementary, subsidiary or ancillary to those referred to in the preceding paragraph, directly or through participation in any other form of association, temporary or permanent, with other companies and / or other entities governed by public or private law. | NOS                                   | 100%                    | 100%              | 100%                 |
| NOS Inovação, S.A.   | Matosinhos    | Achievement and promotion of scientific activities and research and development as well as the demonstration, dissemination, technology transfer and formation in the fields of services and information systems and fixed solutions and last generation mobile, television, internet, voice and data, and licensing and engineering services and consultancy   | NOS                                   | 100%                    | 100%              | 100%                 |
| NOS Internacional, SGPS, S.A.  | Lisbon        | Management of social participations in other companies as an indirect form of economic activity   | NOS                                   | 100%                    | 100%              | 100%                 |
| NOS Lusomundo Audiovisuais, S.A.   | Lisbon        | Import, distribution, commercialization and production of audiovisual products  | NOS<br>Audiovisuais<br>SGPS           | 100%                    | 100%              | 100%                 |
| NOS Lusomundo Cinemas, S.A.  | Lisbon        | Movies exhibition and commercialization of other public events  | NOS                                   | 100%                    | 100%              | 100%                 |
| NOS Audio - Sales and Distribution, S.A. (c)   | Lisbon        | Movies distribution, editing, distribution, commercialization and production of audiovisual products  | NOS                                   | 100%                    | 100%              | 100%                 |
| NOS Madeira Comunicações, S.A.   | Funchal       | Distribution of television by cable and satellite and operation of telecommunications services in the Madeira area  | NOS<br>Comunicações                   | 78%                     | 78%               | 78%                  |
| NOS TECHNOLOGY - Concepção, Construção e Gestão de Redes de Comunicações, S.A. ('Artis') | Matosinhos    | Design, construction, management and exploitation of electronic communications networks and their equipment and infrastructure, management of technologic assets and rendering of related services<br>Trade, service rendered and exploitation of wholesale offerings of national and international electronic communications services and related services, namely information and communication technology services<br>Rendering of consulting services and support to contract management in roaming business.   | NOS<br>Comunicações                   | 100%                    | 100%              | 100%                 |
| NOS Wholesale, S.A.  | Lisbon        | The organization of the material and human resources necessary for the commercialization, promotion and operation of electronic communications networks and circuits.<br>The company may also perform any other activities that are complementary, subsidiary or ancillary to those referred to in the preceding paragraphs, directly or through participation in any other form of association, temporary or permanent, with other companies and / or other entities governed by public or private law.  | NOS SA                                | 0%                      | 100%              | 100%                 |
| Per-Mar - Sociedade de Construções, S.A. ('Per-Mar')                                     | Lisbon        | Purchase, sale, renting and operation of property and commercial establishments   | NOS SA                                | 100%                    | 100%              | 100%                 |
| Sontária - Empreendimentos Imobiliários, S.A. ('Sontária')                               | Lisbon        | Realisation of urbanisation and building construction, planning, urban management, studies, construction and property management, buy and sale of properties and resale of purchased for that purpose   | NOS<br>Comunicações                   | 100%                    | 100%              | 100%                 |
| Teliz Holding, S.A. (d)  | Amsterdam     | Management of group financing activities  | NOS                                   | 100%                    | 100%              | 100%                 |

(a) NOS SGPS: 27,50%; NOS Sistemas: 20,00%; NOS Internacional SGPS: 20,00%; NOS Audiovisuais SGPS: 22,50%; NOS Cinemas: 10,00%

(b) NOS SGPS: 90%; NOS Lusomundo Cinemas: 10%

(c) Company disposed of on 29 June 2020

(d) Previously designated Teliz Holding B.V.



## B) Associated companies

| COMPANY                   | HEADQUARTERS | PRINCIPAL ACTIVITY   | SHARE HOLDER              | PERCENTAGE OF OWNERSHIP |                   |                      |
|---------------------------|--------------|--|---------------------------|-------------------------|-------------------|----------------------|
|                           |              |  |                           | EFFECTIVE 31-03-2021    | DIRECT 31-03-2022 | EFFECTIVE 31-03-2022 |
| Big Picture 2 Films, S.A. | Oeiras       | Import, distribution, commercialization and production of audiovisual products   | NOS Audiovisuais          | 20,00%                  | 20,00%            | 20,00%               |
| Big Picture Films, S.L.   | Madrid       | Distribution and commercialization of movies   | Big Picture 2 Films, S.A. | 20,00%                  | 100,00%           | 20,00%               |
| Sport TV Portugal, S.A.   | Lisbon       | Conception, production, realization and commercialization of sports programs for telebroadcasting, purchase and resale of the rights to broadcast sports programs for television and provision of publicity services | NOS                       | 25,00%                  | 25,00%            | 25,00%               |

## C) Jointly controlled companies

| COMPANY  | HEADQUARTERS | PRINCIPAL ACTIVITY  | SHARE HOLDER           | PERCENTAGE OF OWNERSHIP |                   |                      |
|--|--------------|---|------------------------|-------------------------|-------------------|----------------------|
|  |              |   |                        | EFFECTIVE 31-03-2021    | DIRECT 31-03-2022 | EFFECTIVE 31-03-2022 |
| Dreamia Holding B.V. (a)                                   | Amsterdam    | Management of investments   | NOS Audiovisuais       | 50,00%                  |                   |                      |
| Dreamia Servicios de Televisión, S.L. (b)                  | Madrid       | Management of investments   | NOS Audiovisuais       |                         | 50,00%            | 50,00%               |
| Dreamia - Serviços de Televisão, S.A.                      | Lisbon       | Conception, production, realization and commercialization of audiovisual contents and provision of publicity services   | Dreamia Holding BV     | 50,00%                  | 100,00%           | 50,00%               |
| FINSTAR - Sociedade de Investimentos e Participações, S.A. | Luanda       | Distribution of television by satellite, operation of telecommunications services   | Telit Holding B.V.     | 30,00%                  | 30,00%            | 30,00%               |
| MSTAR, SA (c)  | Maputo       | Distribution of television by satellite, operation of telecommunications services   | NOS + NOS Comunicações | 30,00%                  | 30,00%            | 30,00%               |
| Upstar Comunicações S.A.                                   | Vendas Novas | Electronic communications services provider, production, commercialization, broadcasting and distribution of audiovisual contents   | NOS                    | 30,00%                  | 30,00%            | 30,00%               |
| ZAP Media S.A.   | Luanda       | Projects development and activities in the areas of entertainment, telecommunications and related technologies, the production and distribution of the contents and the design, implementation and operation of infrastructure and related facilities | FINSTAR                | 30,00%                  | 100,00%           | 30,00%               |
| Dualgrid - Gestão de Redes Partilhadas, S.A.               | Luanda       | Projects development and activities in the areas of entertainment, telecommunications and related technologies, the production and distribution of the contents and the design, implementation and operation of infrastructure and related facilities | FINSTAR                | 30%                     | 50,00%            | 50,00%               |

(a) Merged company in Dreamia Servicios de Televisión, S.L.

(b) At 3 October 2020, NOS Lusoturismo Audiovisuais acquired 1,500 shares of Dreamia Servicios de Televisión, S.L.

(c) NOS SGPS: 29,40%; NOS Comunicações: 0,60%.

Financial investments whose participation is less than 50% were considered as joint arrangements due to shareholder agreements that confer joint control.

## D) Companies in which NOS does not have significant influence

| COMPANY  | HEADQUARTERS | PRINCIPAL ACTIVITY   | SHARE HOLDER | PERCENTAGE OF OWNERSHIP |                   |                      |
|--|--------------|--|--------------|-------------------------|-------------------|----------------------|
|  |              |  |              | EFFECTIVE 31-03-2021    | DIRECT 31-03-2022 | EFFECTIVE 31-03-2022 |
| Associação Laboratório Colaborativo em Transformação Digital - DTX                 | Guimarães    | Research applied to different areas associated with digital transformation to encourage cooperation between R&D units, educational institutions and the productive sector  | NOS Inovação | 4,92%                   | 4,92%             | 4,92%                |
| Fundo TechTransfer   | Lisboa       | Invest and support the development of companies that aim to commercialize technologies and products that result from scientific and technological research   | NOS Inovação | 4,20%                   | 3,90%             | 3,90%                |
| RK. AI - Serviços de Processamento de Imagens e Análise de Dados, S.A. (Reckon.ai) | Porto        | The Company's activities relate to information and computer technologies, images and data processing and analysis, hosting and related activities and IT consulting.   | Fundo NOS 5G | 0,00%                   | 11,76%            | 11,76%               |
| Seems Possible, Lda. (Knock Healthcare) (a)  | Porto        | Data processing activities, information domiciliation and related activities, namely in the health area. Business and management consultancy, namely planning, organization, control, information and management, company reorganization. Compensation strategies for termination of employment relationship. Consultancy on safety and hygiene at work. Design of accounting programs and budget control processes. Development of all types of software. Marketing objectives and policies and human resources management. Sale of medical devices and other health equipment. Services to support the internationalization of plans in health area. | Fundo NOS 5G | 0,00%                   | 0,00%             | 0,00%                |
| Lusitânia Vida - Companhia de Seguros, S.A ("Lusitânia Vida")                      | Lisboa       | Insurance services   | NOS          | 0,03%                   | 0,03%             | 0,03%                |
| Lusitânia - Companhia de Seguros, S.A ("Lusitânia Seguros")                        | Lisboa       | Insurance services   | NOS          | 0,02%                   | 0,02%             | 0,02%                |

(a) Derecognized companies in the first quarter of 2021, no impact on the results.



# LIMITED REVIEW REPORT PREPARED BY AUDITOR REGISTERED IN CMVM



Ernst & Young  
Audit & Associados - SROC, S.A.  
Av. da Boavista, 36 - 3º,  
4050-112 Porto  
Portugal

Tel: +351 217 912 000  
Fax: +351 217 957 586  
[www.ey.com](http://www.ey.com)

*(Translation from the original document in Portuguese language.  
In case of doubt, the Portuguese version prevails.)*

## **Limited review report on the consolidated condensed financial statements**

### **Introduction**

We have performed a limited review on the consolidated condensed financial statements of NOS, S.G.P.S., S.A. (the Entity), which comprise the Consolidated Condensed Statement of Financial Position as at 31 March 2022 (which shows a total of 3,332,677 thousand Euros and a shareholders' equity total of 1,007,261 thousand Euros, including a consolidated net profit attributable to equity holders of the parent of 41,108 thousand Euros), the Consolidated Condensed Statement of Income by Nature, the Consolidated Condensed Statement of the Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the three month period then ended, and the related notes to the consolidated condensed financial statements, including a summary of significant accounting policies.

### **Management responsibilities**

Management is responsible for the preparation of the consolidated condensed financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, for the interim financial reporting (IAS 34), and for the design and maintenance of an appropriate system of internal control to enable the preparation of condensed consolidated financial statements which are free from material misstatement due to fraud or error.

### **Auditor's responsibilities**

Our responsibility is to express a conclusion on these consolidated condensed financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and other rules and technical and ethical requirements issued by the Institute of Statutory Auditors. Those standards require that our work is performed in order to conclude that nothing has come to our attention that causes us to believe that the condensed consolidated financial statements have not been prepared in all material respects in accordance with International Financial Reporting Standards as endorsed by the European Union, for the interim financial reporting (IAS 34).

A review of financial statements is a limited assurance engagement. The procedures performed consisted primarily of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these consolidated condensed financial statements.

### **Conclusion**

Based on our review procedures, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of NOS, S.G.P.S., S.A., as at 31 March 2022, have not been prepared, in all material respects, in accordance with International Financial Reporting Standards as endorsed by the European Union, for the interim financial reporting (IAS 34).

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31<sup>st</sup> of March 2022

### Emphasis of Matter

We draw attention to Note 46.1 included in the Notes to the condensed consolidated financial statements regarding the preventive seizure of 26,075% of the Entity's share capital. Our conclusion is not modified in respect to this matter.

Porto, 3<sup>rd</sup> May 2022

Ernst & Young Audit & Associados - SROC, S.A.  
Sociedade de Revisores Oficiais de Contas (n.º 178)  
Represented by:

(Signed)

Sandra e Sousa Amorim - ROC nr. 1213  
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Rua Actor António Silva nº9, Campo Grande, 1600-404 Lisboa.

[www.nos.pt/ir](http://www.nos.pt/ir)